



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

YEAR END JUNE 30, 2004

SANDY CITY
10000 Centennial Parkway
Sandy, Utah 84070

Comprehensive Annual Financial Report
For the year ended June 30, 2004

Prepared by:

Department of Finance

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INTRODUCTORY SECTION



November 7, 2004

Honorable Mayor and
Members of the City Council
Sandy City

The Comprehensive Annual Financial Report (CAFR) of Sandy City (the City), for the fiscal year ended June 30, 2004 is submitted herewith. Utah State law requires that first class cities "present to the governing body an annual financial report prepared in conformity with Accounting Principles Generally Accepted in the United States (GAAP), as prescribed in the Uniform Accounting Manual for Utah Cities." This report, which fulfills this requirement, presents a comprehensive financial picture covering all funds and financial transactions for the year.

This CAFR has been prepared by the City's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures and supplementary information, rests with the City's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included. Likewise, the "Notes to the Financial Statements" are an integral part of this report and should be read for a more complete understanding of the financial statements and information presented in this report.

Management of the City is also responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The City's internal control structure is designed to provide reasonable, rather than absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of the control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

As required by Utah state law, an annual audit has been conducted by independent certified public accountants. The Report of Independent Certified Public Accountants, as prepared by Wisan, Smith, Racker & Prescott, LLP, is included within the Financial Section of this report. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2004, are fairly presented in conformity with GAAP.

The City is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this Single Audit, including the schedule of federal financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are published under separate cover.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Sandy, about 13 miles south of Salt Lake City, was settled in 1863 as a pioneer farming village. With the discovery of rich ores in Little Cottonwood Canyon and the shipping of the stone for the construction of the Salt Lake Temple, Sandy became a focal shipping point and booming mining town. As a result, Sandy became a city in 1893 and hired a sheriff to keep the miners in line. One by one the mines closed around 1900. Sandy then became a small farming community again and remained that way until about 1970. For the past several years, Sandy has numbered among the fastest growing suburban cities in the United States. Today Sandy is the fourth largest city in Utah with a population approaching 100,000 citizens.

Since 1979, the City has operated under the council-mayor form of government. The City Council, comprised of seven elected individuals, is the governing authority for the City. The elected Mayor, with no voting rights on the City Council, has various administrative and veto powers. One of the Mayor's administrative powers is the appointment of the Chief Administrative Officer, Cabinet Officers and various other positions such as the City Treasurer, the City Recorder, and the City Engineer. The City Council establishes City policy, approves the budget, and ratifies the appointment of the City Officials. The City Council is authorized to issue bonds, to incur short-term debt, to levy property taxes, and is not dependent on any other unit of local government.

The City provides the full range of municipal services normally associated with a municipality. In brief, the general governmental functions include police and fire protection, park construction and maintenance, street construction and maintenance, public improvements, engineering, building inspection, planning and zoning, administrative services, recreation services, storm drain system construction and maintenance, and street light system installation and maintenance. The City also operates water, waste collection, and River Oaks Golf Course as enterprise funds. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Sandy Redevelopment Agency is reported as a special revenue fund and Alta Canyon Recreation Special Service District is reported as an enterprise fund.

Comprehensive annual budgets are an essential element for the City's financial planning and control. Therefore, budgets are adopted annually (required by Utah state law) by the City Council for all funds except debt service funds used to account for special assessments and expendable trust funds which are subject to compensating controls. Utah state law also requires: 1) a balanced budget for each individual fund; however, Redevelopment Agencies are allowed to incur debt prior to the triggering of the tax increment revenue thus allowing an unbalanced budget, 2) department expenditures to conform with departmental appropriations, and 3) individual fund appropriations to be overspent only in "emergencies" (natural disasters). Once the budgets are approved, the City Council may revise the budgets from time to time after following the required procedures. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 42 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 81.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy. As the national and state economies begin a slow recovery from the recent recession, Sandy City is also experiencing positive revenue growth. For fiscal year 2004, the City was able to modestly increase the fund balance of the general fund by \$65,000. The City maintains its conservative budget practices in order to remain fiscally strong. The City will continue to expand its commercial base to help ensure continued growth and improved quality of life for its citizens.

In 2005, Sandy City anticipates adding more than 530,000 square feet of retail space and 391,000 square feet of Class A office space through various commercial projects. Three major projects are on-going which include Sandy City Centre, South Towne Corporate Center and Union Heights, which will include a second location of the popular sports grill, Iggy's. Pei Wei's, a division of PF Chang's, will open its second location in Utah and Tai-Pan Trading Company will expand their current operation to 100,000 square feet, almost double their current facility, at the old Utah Roses site on the west side of Sandy. Expansion and relocation of the existing Wal-Mart and Lowe's will add 92,000 square feet along with an additional 107,000 square feet of commercial space at the old Gravel Pit site. Projects also anticipated getting started in 2005 will include a full-service hotel, two additional auto dealers in the Auto Mall and a 52,000 square foot movie theater.

On October 21, 2004, a new Light Rail Trail that travels the entire length of Sandy City officially opened. The trail promotes and facilitates non-vehicular transportation to businesses, UTA light rail stations, schools, and parks within Sandy City. The trail includes a bicycle and pedestrian path as well as an equestrian path.

Attracting quality businesses to our community has aided the City in keeping the local unemployment rate below both the state and national unemployment rates as well as allowing the City to maintain its commercial tax base. Additional information about economic factors can be found on page 32 of the MD&A.

Long-Term Financial Planning. The City Council approved a balanced budget for the upcoming fiscal year. The budget limits additional operating resources to what is necessary to maintain existing service levels including fewer personnel and moderate increases for operations and maintenance. Recognizing employees are the City's greatest resource, the budget includes a 4 percent adjustment to employee compensation based on merit, market conditions, and the comparison between Sandy City's pay rates and four sister cities including Provo, Orem, Salt Lake and West Valley.

Other operating budgets include an increase for Valley Emergency Communication Center (VECC) charges for 911 calls in both police and fire departments, an increase for the anticipated rise in communication costs associated with the 800 MHz radio communication system user fees, a modest increase to improve the City's cable access channel, and an increase to compensate for higher fees from vendors for services such as water for City parks.

One-time and capital project budgets include funds for remodeling Fire Station 32, streetscape and back facing wall improvements, a reconfiguration of the golf course parking lot, and funds to review and update the City's 1997 impact fee study in order to comply with a state requirement. Additionally, cell tower lease revenue will be used by the Parks department to pay for necessary small equipment purchases, park pavilion renovations, irrigation systems improvements, and tot lot improvements.

Cash Management. Cash, temporarily idle during the year, is invested in the Utah State Treasurer's investment pool. Furthermore, all available cash is pooled for investment and money management purposes. Interest income is allocated to all funds based on their percentage in the investment pool. Total interest earnings for fiscal year 2004 decreased 42 percent compared with total interest earnings for fiscal year 2003 due to the significant decline in interest rates between fiscal years. During fiscal year 2004 the City held deposits which were neither insured nor collateralized. In lieu of collateralizing, the Utah Money Management Act requires the depositing of the City's funds in a "qualified depository". Thus, the City's investments, although uninsured and uncollateralized, have compensating controls. Additional information on the City's cash management activity can be found in note 4 on pages 54-55 of the notes to the financial statements.

Risk Management. Sandy City is exposed to various risks of loss including torts, workers compensation claims, theft of, damage to, or destruction of assets, errors and omissions, and natural disasters. Prevention of such losses is the City's primary goal. The City has implemented effective safety and other loss prevention programs to 1) protect the employees and assets of the City from injury, damage, or loss, 2) minimize loss or injury when they do occur, and 3) appropriately finance or insure the cost of claims, injuries and losses. The City has a general liability policy with a \$1,000,000 self-insured retention per occurrence with limits of \$7,000,000 per occurrence. Additional information on the City's risk management activity can be found in note 22 on page 74 of the notes to the financial statements.

Pension and Other Post-Employment Benefits. Sandy City participates in the Utah State Retirement System (USRS). The City contributes to the following divisions of the USRS: public safety employees, fire fighters, and public employees. The City Council authorizes a percentage based upon each employee's base wage to be contributed to retirement on their behalf (currently 17.95 percent). Of this amount, the USRS is funded based on actuarially determined rates. The remainder is contributed to deferred compensation plans. Sandy City does not pay into Social Security. In addition, City employees are eligible to enroll in the Sandy City Retiree Health Savings (RHS) program. This program generally allows an employee to accumulate assets to pay for medical expenses during retirement on a tax-free basis. Under specific circumstances, employees may roll unused sick leave into their RHS. Additional information on the City's pension and post-retirement benefits can be found in notes 14-16 on pages 69-72 of the notes to the financial statements.

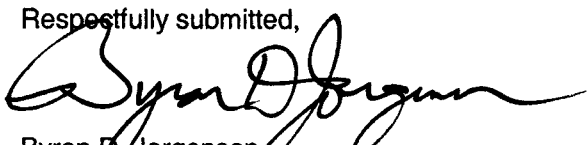
Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2003. This was the seventeenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both Accounting Principles Generally Accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for fiscal year 2005. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. This was the first year the City submitted the budget document to the GFOA for reward consideration.

The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. In closing, without the leadership and support of the governing body of Sandy City, preparation of this report would not have been possible.

Respectfully submitted,


Byron D. Jorgenson,
City Administrator


Arthur D. Hunter,
Administrative Services Director

SANDY CITY

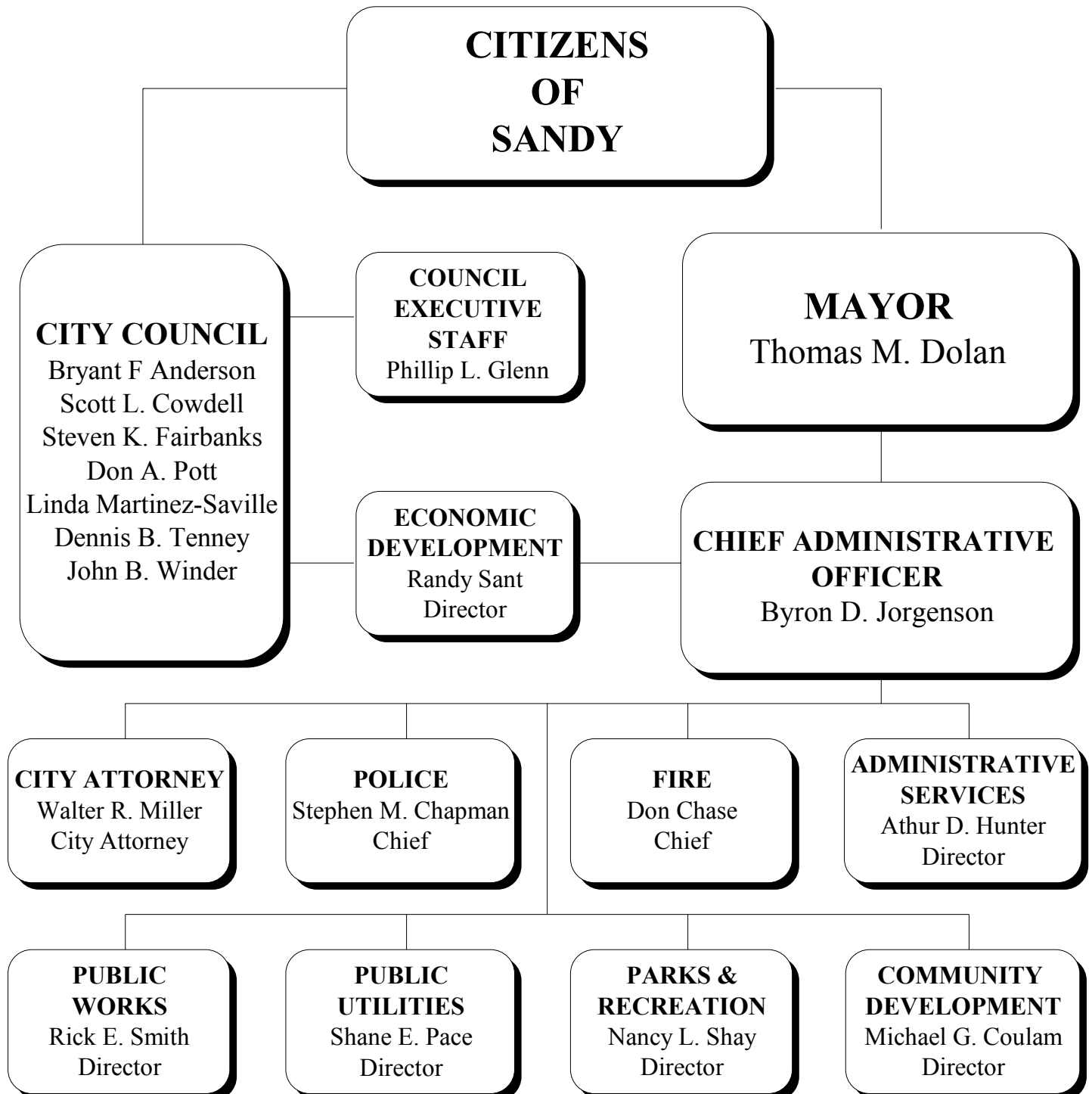
Elected Officials

Mayor Thomas M. Dolan
City Council - At Large Linda Martinez-Saville
City Council - At Large Steven K. Fairbanks
City Council - At Large John B. Winder
City Council - District 1 Scott L. Cowdell
City Council - District 2 Dennis B. Tenney
City Council - District 3 Bryant F. Anderson
City Council - District 4 Don A. Pott

Appointed Officials

Chief Administrative Officer Byron D. Jorgenson
Assistant Chief Administrative Officer James P. Davidson
Deputy to the Mayor John D. Hiskey
City Attorney Walter R. Miller
Administrative Services Director Arthur D. Hunter
Chief of Police Stephen M. Chapman
Fire Chief Don Chase
Public Works Director Rick E. Smith
Public Utilities Director Shane E. Pace
Parks and Recreation Director Nancy L. Shay
Community Development Director Michael G. Coulam
Economic Development Director Randy Sant

SANDY CITY ORGANIZATIONAL STRUCTURE



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sandy City,
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Sandy, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandy, Utah (the City), as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandy, Utah, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2004, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, schedule of roadway system condition and maintenance, and budgetary comparison information on pages 19 through 32 and 77 through 78, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements, budgetary comparison information, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and budgetary comparison information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Wisan Smith Racher & Prescott, LLP

Salt Lake City, Utah
November 7, 2004

Management's Discussion and Analysis

As management of Sandy City, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which starts on page 7 of this report

Financial Highlights

- The assets of the City exceeded its liabilities at the close of fiscal year 2004 by \$440,000,784 (net assets). Of this amount, \$58,759,305 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$13,987,892. The primary contributing factor of this increase is capital improvement additions.
- As of the close of fiscal year 2004, the City's governmental funds reported combined ending fund balances of \$29,522,383, a decrease of \$614,232 in comparison with fiscal year 2003. Approximately \$16,722,974 is available for spending at the government's discretion (unreserved fund balance).
- At the end of fiscal year 2004, unreserved fund balance of the general fund was \$4,154,891, or 12 percent of total general fund expenditures.
- The City's total debt increased by \$3,040,381 (5 percent) during fiscal year 2004. The key factor in this increase was the addition of two bond issues; \$9,965,000 in water revenue and refunding bonds to refund the 1993 water revenue and refunding bonds and finance the costs of improvements to the City's water system, and \$7,225,000 in sales tax revenue and refunding bonds to acquire a state court building and refund the 1996 motor fuel excise tax bonds and the 1994 lease revenue bonds.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, storm water, electric utility, economic development, and culture and recreation. The business-type activities of the City include water, waste, River Oaks Golf Course, and Alta Canyon Sports Center.

Although Alta Canyon Sports Center is a legally separate entity from the City (known as the primary government), it functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 34-37 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end

of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the capital projects fund, and the storm water fund, all of which are considered to be major funds. Data from the other nine funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 38-41 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water utility, waste services, Alta Canyon Sports Center, and River Oaks Golf Course. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, information services, risk management, payroll management, and equipment management. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water utility, waste services, Alta Canyon Sports Center, and River Oaks Golf Course, all of which are considered to be major funds of the City. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 43-45 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 46-74 of this report.

Other information: Required supplementary information, including budgetary comparisons for major governmental funds other than the general fund, begins on page 75 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 82-113 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Sandy City, assets exceeded liabilities by \$440,000,784 at the close of fiscal year 2004.

By far the largest portion of the City's net assets (84 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

SANDY CITY
Summary of Net Assets
June 30, 2004

	Governmental		Business-type		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 56,559,238	\$ 56,495,193	\$ 36,739,430	\$ 33,396,538	\$ 93,298,668	\$ 89,891,731
Capital assets	373,625,112	368,411,035	63,256,585	56,082,306	436,881,697	424,493,341
Total assets	430,184,350	424,906,228	99,996,015	89,478,844	530,180,365	514,385,072
Long-term liabilities outstanding	48,389,373	50,010,970	14,210,000	10,375,000	62,599,373	60,385,970
Other liabilities	25,006,965	24,506,110	2,573,243	3,480,100	27,580,208	27,986,210
Total liabilities	73,396,338	74,517,080	16,783,243	13,855,100	90,179,581	88,372,180
Net assets:						
Invested in capital assets, net of related debt	322,769,699	316,319,735	48,891,585	44,732,306	371,661,284	361,052,041
Restricted	9,357,059	10,852,892	223,136	1,489,397	9,580,195	12,342,289
Unrestricted	24,661,254	23,216,521	34,098,051	29,402,041	58,759,305	52,618,562
Total net assets	\$ 356,788,012	\$ 350,389,148	\$ 83,212,772	\$ 75,623,744	\$ 440,000,784	\$ 426,012,892

An additional portion of the City's net assets (3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$58,759,305) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of fiscal year 2004, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Restricted net assets for business-type activities were eliminated during fiscal year 2004 with the refunding of the 1993 water revenue and refunding bonds. The City obtained a surety bond in place of funding the debt service reserve account for the new bond and the full amount (\$1,358,970) of last fiscal year's business-type restricted net assets was released.

Slightly more than half of the decrease in restricted net assets for governmental activities (\$1,207,500) resulted from the removal of the debt service reserve requirements associated with the excise tax and lease revenue bonds that were refunded during fiscal year 2004. The remaining decrease of \$2,215,762 was attributable to the reduction in capital projects left to be completed.

SANDY CITY
Changes in Net Assets

For the Year Ended June 30, 2004

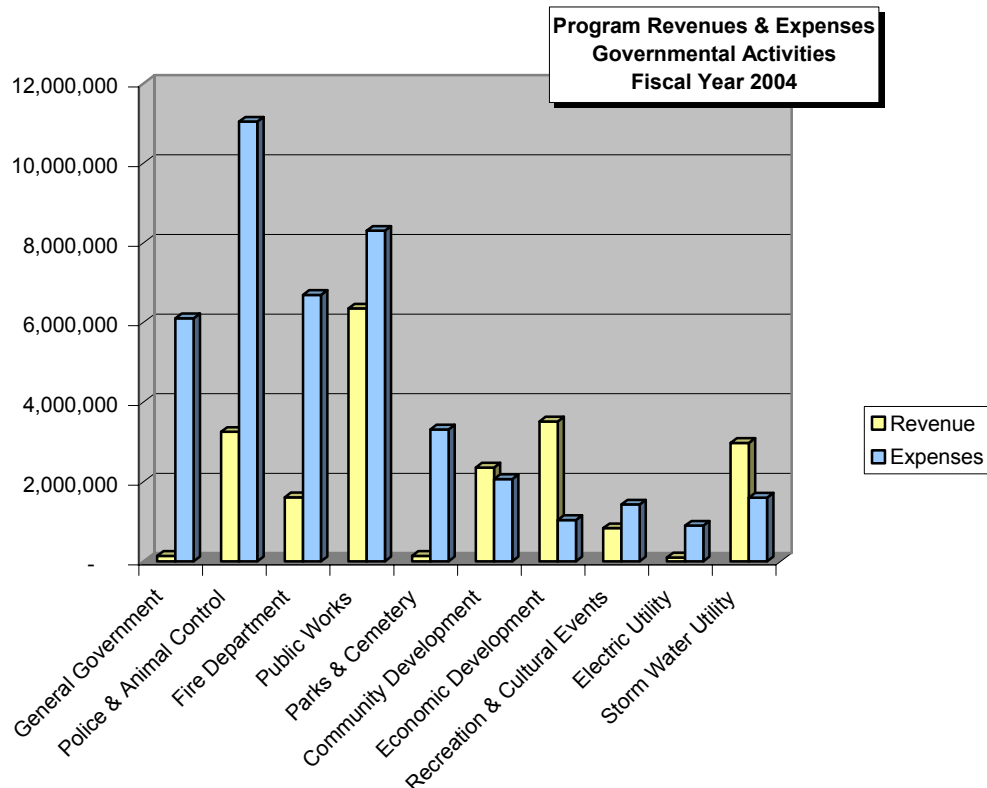
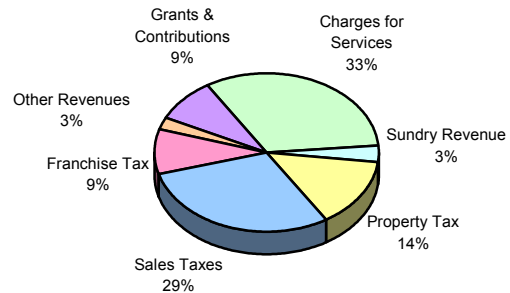
	Governmental		Business-type		Total Primary	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues:						
Charges for services	\$ 16,651,850	\$ 13,241,097	\$ 21,772,006	\$ 19,968,298	\$ 38,423,856	\$ 33,209,395
Operating grants and contributions	4,212,373	3,779,329	-0-	-0-	4,212,373	3,779,329
Capital grants and contributions	385,028	331,364	1,172,856	2,813,543	1,557,884	3,144,907
General revenues:						
Property Tax	7,323,101	7,088,504	292,996	312,261	7,616,097	7,400,765
Sales Tax	15,161,445	14,569,744	-0-	-0-	15,161,445	14,569,744
Franchise Tax	4,688,366	4,299,404	-0-	-0-	4,688,366	4,299,404
Motor Vehicle Fees	881,376	918,730	41,551	-0-	922,927	918,730
Special Assessments	991,015	388,837	-0-	-0-	991,015	388,837
Interest Income	410,215	873,325	159,507	228,749	569,722	1,102,074
Sale of Fixed Assets	2,021	116,869	-0-	-0-	2,021	116,869
Sundry Revenue	719,395	949,002	-0-	-0-	719,395	949,002
Total revenues	51,426,185	46,556,205	23,438,916	23,322,851	74,865,101	69,879,056
Expenses						
General Government	6,099,168	6,354,049	-0-	-0-	6,099,168	6,354,049
Police & Animal Control	11,039,961	10,921,199	-0-	-0-	11,039,961	10,921,199
Fire	6,684,265	6,592,822	-0-	-0-	6,684,265	6,592,822
Public Works	8,298,500	5,324,632	-0-	-0-	8,298,500	5,324,632
Parks, Landscapes and Cemetery	3,313,008	2,927,991	-0-	-0-	3,313,008	2,927,991
Community Development	2,067,518	2,077,192	-0-	-0-	2,067,518	2,077,192
Economic Development	1,038,250	902,182	-0-	-0-	1,038,250	902,182
Recreation and Cultural Events	1,427,152	1,564,928	-0-	-0-	1,427,152	1,564,928
Electric Utility	897,171	772,840	-0-	-0-	897,171	772,840
Storm Water Utility	1,600,171	1,174,075	-0-	-0-	1,600,171	1,174,075
Interest on Long-Term Debt	2,412,157	2,608,382	-0-	-0-	2,412,157	2,608,382
Alta Canyon Sports Center	-0-	-0-	1,034,668	1,002,446	1,034,668	1,002,446
Water Fund	-0-	-0-	10,231,959	10,406,190	10,231,959	10,406,190
Waste	-0-	-0-	3,477,255	3,344,378	3,477,255	3,344,378
Golf Course Fund	-0-	-0-	1,256,006	912,133	1,256,006	912,133
Total expenses	44,877,321	41,220,292	15,999,888	15,665,147	60,877,209	56,885,439
Increase in net assets before transfers	6,548,864	5,335,913	7,439,028	7,657,704	13,987,892	12,993,617
Transfers	(150,000)	(334,187)	150,000	334,187	-0-	-0-
Increase in net assets	6,398,864	5,001,726	7,589,028	7,991,891	13,987,892	12,993,617
Beginning net assets	350,389,148	345,387,423	75,623,744	67,631,853	426,012,892	413,019,275
Ending net assets	\$ 356,788,012	\$ 350,389,148	\$ 83,212,772	\$ 75,623,744	\$ 440,000,784	\$ 426,012,892

The government's net assets increased \$13,987,892 during fiscal year 2004. This growth largely reflects rate increases, operational grants, and capital asset additions.

Governmental activities: Governmental activities increased the City's net assets by \$6,398,864, accounting for 46 percent of the total growth in the net assets of the City. Key elements of this change are as follows:

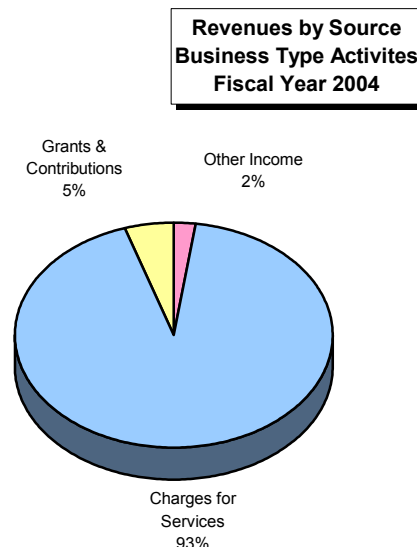
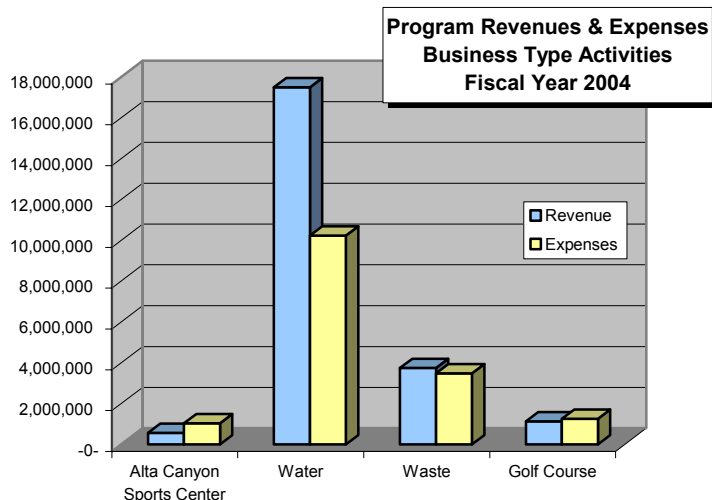
- The City received \$2,565,772 in contributions from developers in land and infrastructure.
- Sales tax revenue posted higher in fiscal year 2004 over the prior year by \$591,701 and \$385,126 over budgeted expectations due to a slight economic recovery.
- Special assessment revenue increased during fiscal year 2004 by \$549,257 and \$209,300 for debt service associated with the Civic Center parking facility the South Towne Ridge Road respectively.
- The City received \$585,322 in new federal grant money during fiscal year 2004 including \$316,506 in Community Oriented Policing Services (COPS) funding for schools and technology, \$211,443 for homeland security, \$52,900 for parks, and \$37,867 for victim assistance.

**Revenues by Source
Governmental Activities
Fiscal Year 2004**



Business-type activities: Business-type activities increased the City's net assets by \$7,589,028, accounting for 54 percent of the total growth in the government's net assets. Key elements of the change in business-type net assets are as follows:

- The City's water fund received \$1,172,856 in grant money from the Environmental Protection Agency for a vulnerability assessment and to pay for 55 percent of the Southeast Quadrant Well and Automated Meter Reading conversion projects.
- To assist in paying for the constantly increasing demand for culinary water and to encourage conservation, the water fund continued its program to increase water rates by 6.5 percent per year. This, along with residential and commercial growth, had a positive impact on business-type net assets in the amount of \$1,581,839.
- In order to comply with a recent fluoridation mandate for all of Salt Lake County, the City began charging water customers \$1.35 per month to offset expenses for fluoridating water at both treatment facilities and well sites beginning January 1, 2004. The City received \$213,883 in fluoride revenue for fiscal year 2004.
- On May 1, 2001, the City entered into an interlocal agreement with Salt Lake City and Metropolitan Water District of Salt Lake and Sandy (MWDSLS). Under this agreement, the System is obligated to pay an estimated total of \$126,310,000 over 30 years to the MWDSLS for capital improvements to be conducted by MWDSLS. The first annual assessment of \$1,020,000 was paid in fiscal year 2004. It is estimated that an assessment of \$2,806,881 will be paid in fiscal year 2005.
- During fiscal year 2004, the City completed \$3,341,167 in water main additions and \$943,245 in well additions as well as adding \$6,088,845 to work in process including \$3,409,725 for the southeast quadrant wells, \$1,278,199 for the Bell Canyon raw water aqueduct, and \$655,818 for automated meter reading.
- The waste fund contributed \$279,585 to the increase in business-type net assets. The primary reason, besides residential growth, is that the City's equity distribution in the Trans Jordan Landfill of \$235,259 increased over fiscal year 2003 by \$100,208. For more information regarding the City's joint venture in Trans Jordan Landfill, see note 9 on pages 58-59 of the notes to the financial statements.
- In fiscal year 2004, Alta Canyon Sports Center caused a \$127,811 decrease in business-type net assets. For more information regarding the City's management of Alta Canyon, see note 1 on page 46 of the notes to the financial statements.



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Sandy City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2004, the City's governmental funds reported combined ending fund balances of \$29,522,383, a decrease of \$614,232 in comparison with fiscal year 2003. Approximately \$16,722,974 (57 percent) of this amount constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to pay debt service (\$3,010,830), 2) to pay for capital projects including road projects (\$6,346,229), or 3) to fund special programs for which it was collected (\$3,442,350).

The general fund is the chief operating fund of the City. At the end of fiscal year 2004, fund balance of the general fund was \$4,154,891, all of which was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 12 percent of the total general fund expenditures.

The fund balance of the City's general fund increased \$65,000 during fiscal year 2004. While the City realized a budget shortfall in many of the general fund revenues in the prior fiscal year, most of these revenues exceeded expectations in fiscal year 2004. Property taxes posted over budgeted expectations by \$175,437, general sales and use taxes by \$385,126, and franchise taxes by \$353,766. In prior years, motor vehicle fees varied based on vehicle value whereas there is now a set fee per vehicle. This change contributed to the \$138,624 deficit in motor vehicle fee revenue for the general fund. While general fund licenses and permits revenue and interest income also posted under budget for fiscal year 2004 (\$34,940 and \$83,917 respectively), other general fund revenues such as fines and forfeitures and charges for services posted \$585,312 above expectations.

The storm water fund experienced an increase in fund balance of \$426,877 for fiscal year 2004 resulting in a total fund balance of \$6,398,500.

The debt service fund has a total fund balance of \$4,203,323, all of which is reserved for the payment of debt service. The net fund balance decrease (\$1,007,649) during fiscal year 2004 in the debt service fund accounts for 20 percent of the ending fund balance. This decrease in fund balance is attributable to the refunding of the 1994 lease revenue bond and the 1996 motor fuel excise tax bond.

Fund balance in the capital projects fund decreased \$144,579 during fiscal year 2004 leaving an ending fund balance of \$11,323,319. \$4,418,800 of ending fund balance is restricted for specific capital projects, including roads.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the City's proprietary funds amounted to \$27,803,307 for the water fund, \$5,685,944 for the waste fund, \$47,951 for River Oaks Golf Course, and \$67,603 for Alta Canyon Sports Center. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget in the general fund amounted to a \$542,981 decrease in revenue and a reduction of \$524,275 in appropriations. These decreases are explained below:

The downward economic slide from the recent recession affected Sandy City's sales tax revenue negatively as it posted well below budgeted expectations in fiscal year 2003 and appeared that the same may happen in the first months of fiscal year 2004. To avoid this problem, the City implemented a 2

percent budget cut in the general fund resulting in a \$713,581 reduction as follows: \$70,466 Administration, \$9,195 City Council, \$16,109 City Attorney, \$42,603 Administrative Services, \$19,274 Non-Departmental, \$200,374 Police, \$118,313 Fire, \$148,902 Public Works, \$30,929 Parks and Recreation, \$34,498 Community Development, and \$22,918 transfers to other funds.

The City was awarded a \$375,000 COPS in Schools grant to be received over a three year period from the United States Department of Justice to provide three police officers for local schools. The fiscal year 2004 allocation is \$125,000. In addition, Jordan School District is to provide necessary uniforms and equipment for the officers. The budgeted revenue and corresponding expenditures from the school district total \$45,600.

Appropriations were also increased \$42,000 for selective enforcement and \$35,000 for snow removal. These increases were funded from available fund balance.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2004 amounts to land, improvements other than buildings, machinery and equipment, autos and trucks, infrastructure (roadway system), street light system, and storm drain system. The total increase in the City's investment in capital assets for fiscal year 2004 was \$12,380,986 (a 1.4 percent increase for governmental activities and a 13 percent increase for business-type activities).

Major capital asset events during fiscal year 2004 included the following:

- The City purchased a state court building for \$4,526,065 to meet additional space needs for its growing public safety functions, including justice court, police, emergency management and legal prosecution operations.
- Two new transport engines were purchased for the fire department costing a combined total of \$839,843.
- The 8600 South outfall line was completed for the City's storm water system during fiscal year 2004 costing \$8,657,616.
- The City paid the first installment of \$1,020,000 to MWDSL as part of an interlocal agreement for capital improvements to be conducted by MWDSL.
- The City capitalized an additional \$3,341,167 for water main replacements and \$943,245 for well equipment replacements.

SANDY CITY
Capital Assets, Net of Depreciation
June 30, 2004

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Land	\$ 188,931,711	\$ 187,257,078	\$ 6,419,636	\$ 6,445,295	\$ 195,351,347	\$ 193,702,373
Buildings and Systems	49,863,578	27,839,021	44,423,508	41,916,903	94,287,086	69,755,924
Improvement Other Than Buildings	8,697,143	3,743,593	801,036	954,800	9,498,179	4,698,393
Vehicles	6,292,679	6,262,366	-0-	-0-	6,292,679	6,262,366
Machinery and Equipment	2,859,895	3,037,998	145,883	160,446	3,005,778	3,198,444
Infrastructure	115,032,631	115,680,075	-0-	-0-	115,032,631	115,680,075
Construction in Progress	1,947,475	16,770,135	11,466,522	6,604,862	13,413,997	23,374,997
Total	\$ 373,625,112	\$ 360,590,266	\$ 63,256,585	\$ 56,082,306	\$ 436,881,697	\$ 416,672,572

The City did not record its roadway system infrastructure as part of the general fixed asset account group before July 1, 2002, but did record storm water and street light systems infrastructure in the appropriate funds at historical cost less depreciation. With the implementation of GASB Statement No. 34, Sandy City implemented the modified approach to account for roadway system infrastructure. Because many infrastructure assets may reasonably be expected to continue to function indefinitely if they are adequately preserved and maintained, GAAP allow a government to forego reporting depreciation in connection with networks or subsystems of infrastructure assets. A government choosing this option must commit to maintain those particular infrastructure assets at a predetermined condition level of its own choosing and must establish an asset management system that is adequate for that purpose. Sandy City has established a policy to maintain at least 80 percent of its roadway system at a good or better condition and have no more than 10 percent in a substandard condition. For the fiscal year ending June 30, 2004, the City has met this goal for each of the three subsystems of the roadway network (main arterial, arterial, and secondary) with 89.7 percent of the overall roadway network being in good or better condition and only .5 percent in substandard condition. This is a slight increase from those in good or better condition at the end of fiscal year 2003 (88.6 percent) and a significant decrease from those in substandard condition for the fiscal year ending June 30, 2003 (3.5 percent). The decrease in the portion of the roadway system in substandard condition resulted from more thoroughly and accurately assessing concrete conditions by using field evaluations to determine the severity of concrete hazards as opposed to the more simplistic approach of using the number of concrete hazards which was used in fiscal year 2003. The difference between the City's actual expenditures (\$4,989,534) and its predicted needs (\$4,995,332) to maintain the roadway system at these levels was insignificant. More detailed information on this subject can be found in note 1 on page 51 of the notes to the financial statements and in the Required Supplementary Information section on page 77.

Additional information on the City's capital assets can be found in note 11 of the notes to the financial statements on pages 60-62 of this report.

Long-term debt. At the end of fiscal year 2004, the City had total long-term obligations outstanding of \$67,494,524. Of this amount, \$4,750,000 comprises debt backed by the full faith and credit of the government and \$6,653,000 is special assessment debt for which the government is liable in the event of

default by the property owners subject to the assessment. The remainder of the City's bonded debt (\$51,610,000) represents bonds secured solely by specified revenue sources (i.e. revenue bonds). The City's long-term obligations outstanding also include notes payable, capital leases, and compensated absences totaling \$4,481,524.

SANDY CITY
Outstanding Debt
As of June 30, 2004

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
General obligation bonds	\$ 4,750,000	\$ 5,255,000	\$ -0-	\$ -0-	\$ 4,750,000	\$ 5,255,000
Special assessment debt with governmental commitment	6,653,000	7,131,000	-0-	-0-	6,653,000	7,131,000
Revenue bonds	37,245,000	37,315,000	14,365,000	11,350,000	51,610,000	48,665,000
Total bonds payable	48,648,000	49,701,000	14,365,000	11,350,000	63,013,000	61,051,000
Notes payable	1,945,000	2,045,000	-0-	-0-	1,945,000	2,045,000
Equipment Lease	262,413	345,300	-0-	-0-	262,413	345,300
Compensated Absences	2,274,111	2,095,557	-0-	-0-	2,274,111	2,095,557
Total other debt	4,481,524	4,485,857	-0-	-0-	4,481,524	4,485,857
Total outstanding debt	\$ 53,129,524	\$ 54,186,857	\$ 14,365,000	\$ 11,350,000	\$ 67,494,524	\$ 65,536,857

The City's total debt increased \$1,957,667 (3 percent) during fiscal year 2004. Key factors in this increase are as follows:

- On August 12, 2003, the City issued \$7,225,000 in sales tax revenue and refunding bonds at rates from 1.75 to 4.6 percent to refund the 1994 lease revenue bond and the 1996 motor fuel excise tax bond. Proceeds from this bond were also used to acquire a state court building. Because the City has pledged revenues produced by sales and use taxes, there is no debt service reserve requirement and the City was able to free \$975,000 and \$232,500 in debt service reserves from the 1994 lease revenue bond and the 1996 motor fuel excise tax bond respectively.
- On April 13, 2004, the City issued \$9,965,000 in water revenue and refunding bonds at 2.5 to 5.0 percent to refund the 1993 water revenue bond and to finance capital improvements to the City's water system. Refunding the 1993 bond is expected to result in a decrease of \$2,692,756 in future debt service payments.

The City maintains a "Aa" rating from Moody's for Sandy City's general obligation bond and a "AA+" rating from Standard and Poor's for its sales tax revenue bonds. Only 3 percent of sales tax secured bonds enjoy a "AA+" bond rating nationwide. Standard and Poor's has rated the water revenue and refunding bonds "AA-".

The Utah Constitution (Section 14, Paragraph) limits the amount of general obligation debt a governmental entity may issue to 8 percent of the "reasonable fair cash value" of property. Of this percentage, a maximum of 4 percent may be used for general purposes. The remaining 4 percent and any unused portion of the 4 percent available for general purposes up to the maximum 8 percent may be

utilized for water and/or sewer purposes. The current debt limitation for the City's general-purpose debt and the water and/or sewer debt is \$205,407,226 for each. This limitation is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in note 12 on pages 63-68 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Sandy City was 3.3 percent at June 30, 2004, which is a decrease of 1.2 percent over the City's unemployment rate at the same time last year. This compares favorably with the State's June 2004 unemployment rate of 4.6 percent and the national seasonal unemployment rate of 5.6 percent.
- After feeling the effects of the recent economic recession and continuing to experience a slow recovery, Sandy City management is cautiously optimistic and will include conservative revenue and spending estimates, modest fee adjustments, and comparable compensation spending in the fiscal year 2005 budget.
- Sandy City continues to attract and maintain its commercial tax base through incentive strategies, legislative initiatives and continued support from the existing business community.

All of the above factors were considered in preparing the City's budget for fiscal year 2005.

While unreserved fund balance in the general fund increased \$65,000 during fiscal year 2004, the City expects little change in fiscal year 2005.

Both water and waste collection rates increased for fiscal year 2005. The water rates were increased by 6.5 percent as a part of the City's ongoing effort to pay for increased operating and capital costs which result from an escalating demand on the City's culinary water system. The City increased waste collection base rates by 1.42 percent to keep up with rising collection, landfill, and recycling costs. Rates for third and additional cans increased 1.42 percent to encourage recycling.

Requests for Information

This financial report is designed to provide a general overview of Sandy City's finances for everyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sandy City Finance Department, 10000 Centennial Parkway, Sandy, Utah 84070.

BASIC FINANCIAL STATEMENTS

SANDY CITY**Statement of Net Assets****June 30, 2004****With Comparative Totals for 2003**

	Primary Government			
	Governmental	Business-Type		Comparative
	Activities	Activities	Total	Total - 2003
ASSETS				
Cash and Cash Equivalents	\$ 28,163,492	\$ 12,697,366	\$ 40,860,858	\$ 33,756,679
Receivables - Net	18,419,092	2,688,204	21,107,296	21,456,098
Due from Other Governmental Units	858,839	350,755	1,209,594	2,313,034
Internal Balances	(493,246)	493,246	-0-	-0-
Inventories	45,084	252,341	297,425	218,640
Prepaid Assets	26,652	-0-	26,652	535,735
Deferred Charges	182,266	451,165	633,431	433,739
Temporarily Restricted Assets:				
Road Funds	1,263,270	-0-	1,263,270	1,480,671
Capital Projects	5,082,959	223,136	5,306,095	5,446,998
Debt Service	3,010,830	-0-	3,010,830	5,414,620
Water Rights & Capacity	-0-	14,549,176	14,549,176	14,036,735
Investment in Joint Venture	-0-	5,034,041	5,034,041	4,798,782
Capital Assets (Net of Accumulated Depreciation)				
Land	188,931,711	6,419,636	195,351,347	193,702,373
Buildings and Systems	49,863,578	44,423,508	94,287,086	76,411,780
Improvements Other Than Buildings	8,697,143	801,036	9,498,179	4,698,393
Vehicles	6,292,679	-0-	6,292,679	6,023,091
Machinery and Equipment	2,859,895	145,883	3,005,778	3,437,719
Infrastructure	115,032,631	-0-	115,032,631	116,844,988
Construction in Progress	1,947,475	11,466,522	13,413,997	23,374,997
Total Assets	\$ 430,184,350	\$ 99,996,015	\$ 530,180,365	\$ 514,385,072

The accompanying notes are an integral part of this financial statement

	Primary Government			
	Governmental	Business-Type		Comparative
	Activities	Activities	Total	Total - 2003
LIABILITIES				
Accounts Payable	\$ 2,420,245	\$ 1,645,552	\$ 4,065,797	\$ 4,108,580
Salaries & Benefits Payable	1,306,205	159,144	1,465,349	1,198,512
Accrued Interest Payable	571,660	129,643	701,303	861,450
Claims & Judgements Payable	556,122	-0-	556,122	792,636
Due to Other Governmental Units	9,495	11,334	20,829	30,213
Bonds, Notes and Leases Payable - Current	4,740,151	155,000	4,895,151	5,150,887
Deferred Revenue	7,407,809	366,107	7,773,916	7,674,103
Deferred Assessments	6,469,000	-0-	6,469,000	7,094,000
Customer Deposits	1,526,278	106,463	1,632,741	1,075,829
Noncurrent Liabilities:				
Compensated Absences	2,274,111	-0-	2,274,111	2,095,557
Bonds, Notes and Leases Payable	46,115,262	14,210,000	60,325,262	58,290,413
Total Liabilities	73,396,338	16,783,243	90,179,581	88,372,180
NET ASSETS				
Invested In Capital Assets, Net of Related Debt	322,769,699	48,891,585	371,661,284	361,052,041
Restricted For:				
Debt service	3,010,830	-0-	3,010,830	5,414,620
Capital Projects	5,082,959	223,136	5,306,095	5,446,998
Road Funds	1,263,270	-0-	1,263,270	1,480,671
Unrestricted	24,661,254	34,098,051	58,759,305	52,618,562
Total Net Assets	\$ 356,788,012	\$ 83,212,772	\$ 440,000,784	\$ 426,012,892

SANDY CITY
Statement of Activities
For the Year Ended June 30, 2004
With Comparative Totals for the Year Ended 2003

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 6,099,168	\$ 136,348	\$ -0-	\$ -0-
Police & Animal Control	11,039,961	3,040,121	212,076	-0-
Fire	6,684,265	1,344,975	181,615	80,528
Public Works	8,298,500	2,801,034	3,240,291	304,500
Parks, Landscapes and Cemetery	3,313,008	102,008	33,518	-0-
Community Development	2,067,518	1,810,767	544,873	-0-
Economic Development	1,038,250	3,515,038	-0-	-0-
Recreation and Cultural Events	1,427,152	831,788	-0-	-0-
Electric Utility	897,171	96,693	-0-	-0-
Storm Water Utility	1,600,171	2,973,078	-0-	-0-
Interest on Long-Term Debt	2,412,157	-0-	-0-	-0-
Total Governmental Activities	44,877,321	16,651,850	4,212,373	385,028
Business-Type Activities:				
Alta Canyon Sports Center	1,034,668	574,708	-0-	-0-
Water	10,231,959	16,323,557	-0-	1,172,856
Waste	3,477,255	3,745,924	-0-	-0-
Golf Course	1,256,006	1,127,817	-0-	-0-
Total Business-Type Activities	15,999,888	21,772,006	-0-	1,172,856
Total Primary Government	\$ 60,877,209	\$ 38,423,856	\$ 4,212,373	\$ 1,557,884

General Revenues:

Property Taxes

Sales Taxes

Franchise Taxes

Moter Vehicle Fees

Interest Income

Sale of Fixed Assets

Sundry Revenue

Transfers

Total General Revenues and Transfers

Change in Net Assets

Beginning Net Assets

Ending Net Assets

The accompanying notes are an integral part of this financial statement

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Comparative Total - 2003
\$ (5,962,820)	\$ -0-	\$ (5,962,820)	\$ (6,326,117)
(7,787,764)	-0-	(7,787,764)	(8,273,618)
(5,077,147)	-0-	(5,077,147)	(5,483,340)
(1,952,675)	-0-	(1,952,675)	(1,624,193)
(3,177,482)	-0-	(3,177,482)	(2,834,848)
288,122	-0-	288,122	241,035
2,476,788	-0-	2,476,788	2,598,106
(595,364)	-0-	(595,364)	(713,926)
(800,478)	-0-	(800,478)	(690,877)
1,372,907	-0-	1,372,907	1,847,658
(2,412,157)	-0-	(2,412,157)	(2,608,382)
(23,628,070)	-0-	(23,628,070)	(23,868,502)
-0-	(459,960)	(459,960)	(406,901)
-0-	7,264,454	7,264,454	7,149,071
-0-	268,669	268,669	272,789
-0-	(128,189)	(128,189)	101,735
-0-	6,944,974	6,944,974	7,116,694
(23,628,070)	6,944,974	(16,683,096)	(16,751,808)
7,323,101	292,996	7,616,097	7,362,187
15,161,445	-0-	15,161,445	14,569,744
4,688,366	-0-	4,688,366	4,299,404
881,376	41,551	922,927	957,308
410,215	159,507	569,722	1,102,074
2,021	-0-	2,021	116,869
1,710,410	-0-	1,710,410	1,337,839
(150,000)	150,000	-0-	-0-
30,026,934	644,054	30,670,988	29,745,425
6,398,864	7,589,028	13,987,892	12,993,616
350,389,148	75,623,744	426,012,892	413,019,276
\$ 356,788,012	\$ 83,212,772	\$ 440,000,784	\$ 426,012,892

SANDY CITY
Balance Sheet
Governmental Funds
June 30, 2004
With Comparative Totals for 2003

	General	Storm	Debt	Capital	Other	Governmental Funds	
	Fund	Water	Service	Projects	Governmental	Total	Comparative
					Funds		2003
ASSETS							
Cash and Cash Equivalents	\$ 4,256,645	\$ 3,538,115	\$ 1,161,367	\$ 7,655,437	\$ 3,739,439	\$ 20,351,003	\$ 19,851,958
Receivables - Net	9,590,292	978,390	6,779,026	5,760	8,417	17,361,885	17,492,233
Due from other Govt. Units	647,155	-0-	-0-	125,273	86,411	858,839	233,128
Due From Other Funds	-0-	-0-	-0-	-0-	3,105	3,105	63,473
Prepaid Assets	26,652	-0-	-0-	-0-	-0-	26,652	27,431
Temporarily Restricted Assets:							
Road Funds	-0-	-0-	-0-	1,263,270	-0-	1,263,270	1,480,671
Capital Projects	-0-	1,927,429	-0-	3,155,530	-0-	5,082,959	5,153,891
Debt Service	-0-	-0-	3,010,830	-0-	-0-	3,010,830	4,218,330
Total Assets	14,520,744	6,443,934	10,951,223	12,205,270	3,837,372	47,958,543	48,521,115
LIABILITIES:							
Accounts Payable	904,834	20,222	-0-	881,951	335,663	2,142,670	2,220,030
Salaries & Benefits Payable	1,174,190	24,189	-0-	-0-	50,674	1,249,053	1,057,014
Due to Other Govt. Units	5,948	-0-	-0-	-0-	3,547	9,495	8,927
Due to Other Funds	-0-	-0-	-0-	-0-	3,105	3,105	63,473
Deferred Revenue	6,757,500	-0-	6,747,900	-0-	159	13,505,559	14,047,219
Deposits	1,523,381	1,023	-0-	-0-	1,874	1,526,278	987,837
Total Liabilities	10,365,853	45,434	6,747,900	881,951	395,022	18,436,160	18,384,500
Fund Balance							
Reserved for:							
Debt Service	-0-	-0-	3,010,830	-0-	-0-	3,010,830	4,218,330
Capital Projects	-0-	1,927,429	-0-	3,155,530	-0-	5,082,959	5,153,891
Roads	-0-	-0-	-0-	1,263,270	-0-	1,263,270	1,480,671
Special Revenues	-0-	-0-	-0-	-0-	3,442,350	3,442,350	3,396,231
Unreserved Fund Balances	4,154,891	4,471,071	1,192,493	6,904,519	-0-	16,722,974	15,887,492
Total Fund Balances	4,154,891	6,398,500	4,203,323	11,323,319	3,442,350	29,522,383	30,136,615
Total Liabilities and Fund Balances	\$ 14,520,744	\$ 6,443,934	\$ 10,951,223	\$ 12,205,270	\$ 3,837,372	\$ 47,958,543	\$ 48,521,115

The accompanying notes are an integral part of this financial statement

SANDY CITY

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets June 30, 2004

Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:

Total Fund Balances for Governmental Funds	\$ 29,522,383
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:	
Land	188,931,711
Buildings and Systems	49,863,578
Improvements Other Than Buildings	8,659,974
Vehicles	10,365
Machinery and Equipment	557,436
Infrastructure	115,032,631
Construction in Progress	1,947,475
Total Capital Assets	365,003,170
Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as receivables in the Statement of Net Assets.	
	618,132
A portion of the excess revenue collected by the internal service funds must be returned to the business-type activities.	
	(493,246)
Internal services funds are used by the City to charge the costs of the fleet operations, information services, insurance, risk management, equipment and employee benefits. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	
	14,028,292
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather as an expenditure when due. All liabilities - both current and long-term are reported in the statement of net assets.	
Accrued Interest Payable	(571,660)
Unamortized Bond Issuance Costs	182,266
Bonds, Notes and Leases Payable - Current	(4,655,000)
Bonds, Notes and Leases Payable - Noncurrent	(45,938,000)
Compensated Absences - Noncurrent	(908,325)
	<u>(51,890,719)</u>
Net Assets of Governmental Activities	<u>\$ 356,788,012</u>

The accompanying notes are an integral part of this financial statement

SANDY CITY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2004

With Comparative Totals for the Year Ended 2003

	General Fund	Storm Water	Debt Service	Capital Projects	Other Governmental Funds	Governmental Funds	
						Total	Comparative Total - 2003
Revenues:							
Taxes	\$ 27,834,824	\$ -0-	\$ 278,644	\$ -0-	\$ 3,513,289	\$ 31,626,757	\$ 30,332,193
Special Assessments	-0-	-0-	991,015	-0-	3,200	994,215	395,235
Innkeeper Fees	-0-	-0-	178,730	-0-	-0-	178,730	167,963
Licenses & Permits	1,740,360	-0-	-0-	-0-	-0-	1,740,360	1,685,082
Inter-Governmental Revenue	3,557,151	-0-	-0-	352,901	539,873	4,449,925	3,993,322
Charges for Services	1,623,246	2,761,143	335,538	100,416	755,266	5,575,609	4,888,376
Administrative Charges	1,151,671	-0-	-0-	-0-	-0-	1,151,671	1,033,484
Fines & Forfeitures	2,500,242	-0-	-0-	161,559	-0-	2,661,801	2,352,612
Cell Tower Lease	-0-	-0-	-0-	138,426	-0-	138,426	131,356
Fees from Developers	-0-	-0-	-0-	204,149	19,048	223,197	595,913
Interest Income	46,483	73,981	87,937	143,822	57,991	410,214	873,327
Miscellaneous Revenues	29,349	-0-	-0-	37,352	654,060	720,761	850,933
Total Revenues	38,483,326	2,835,124	1,871,864	1,138,625	5,542,727	49,871,666	47,299,796
Expenditures:							
Current							
General Government	7,229,242	-0-	-0-	-0-	42,598	7,271,840	7,120,587
Police & Animal Control	10,662,100	-0-	-0-	-0-	371,412	11,033,512	10,731,603
Fire	6,425,927	-0-	-0-	-0-	71,671	6,497,598	6,435,356
Public Works	4,927,162	-0-	-0-	-0-	480	4,927,642	4,691,872
Parks, Landscapes and Cemetery	2,560,672	-0-	-0-	-0-	100,404	2,661,076	2,507,553
Community Development	1,821,806	-0-	-0-	-0-	207,629	2,029,435	2,010,190
Economic Development	-0-	-0-	-0-	-0-	1,033,553	1,033,553	894,759
Recreation and Cultural Events	-0-	-0-	-0-	-0-	1,329,247	1,329,247	1,478,515
Electric Utility	-0-	-0-	-0-	-0-	591,767	591,767	491,681
Storm Water Utility	-0-	1,105,364	-0-	-0-	-0-	1,105,364	887,804
Capital Outlays:							
Public Works	62,372	-0-	18,653	7,126,465	-0-	7,207,490	7,668,165
Electric Utility	-0-	-0-	-0-	-0-	167,561	167,561	351,383
Storm Water Utility	-0-	567,109	-0-	-0-	-0-	567,109	8,840,420
Other Capital Outlays	-0-	-0-	-0-	-0-	318,550	318,550	613,442
Debt Service							
Principal	-0-	-0-	8,378,000	-0-	-0-	8,378,000	8,808,924
Interest on Long-Term Debt	-0-	-0-	2,578,065	-0-	-0-	2,578,065	2,642,292
Bond Issuance Cost and Trustee Fees	-0-	-0-	139,136	-0-	-0-	139,136	167,101
Total Expenditures	33,689,281	1,672,473	11,113,854	7,126,465	4,234,872	57,836,945	66,341,647
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,794,045	1,162,651	(9,241,990)	(5,987,840)	1,307,855	(7,965,279)	(19,041,851)
Other Financing Sources (Uses):							
Issuance of Debt	-0-	-0-	3,287,091	4,000,000	-0-	7,287,091	7,557,947
Fees from Developers	-0-	210,003	-0-	-0-	-0-	210,003	-0-
Other Income	-0-	1,304	-0-	-0-	-0-	1,304	-0-
Sale of Capital Assets	2,021	628	-0-	-0-	-0-	2,649	245,418
Transfers In	54,746	-0-	4,947,250	2,286,413	1,178,414	8,466,823	9,736,065
Transfers Out	(4,785,812)	(947,709)	-0-	(443,152)	(2,440,150)	(8,616,823)	(9,953,203)
Total Other Financing Sources (Uses)	(4,729,045)	(735,774)	8,234,341	5,843,261	(1,261,736)	7,351,047	7,586,227
Net Change in Fund Balances	65,000	426,877	(1,007,649)	(144,579)	46,119	(614,232)	(11,455,624)
Beginning Fund Balances	4,089,891	5,971,623	5,210,972	11,467,898	3,396,231	30,136,615	41,592,239
Ending Fund Balances	\$ 4,154,891	\$ 6,398,500	\$ 4,203,323	\$ 11,323,319	\$ 3,442,350	\$ 29,522,383	\$ 30,136,615

The accompanying notes are an integral part of this financial statement

SANDY CITY

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2004

Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:

Net Change in Fund Balances - Total Governmental	\$ (614,232)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	5,320,133
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(29,499)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,375,851
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(99,152)
Internal service funds are used by the City to charge the costs of various activities to individual funds. A portion of the internal service funds net revenues is reported with governmental activities.	445,763
Change in Net Assets of Governmental Activities	<u>\$ 6,398,864</u>

The accompanying notes are an integral part of this financial statement

SANDY CITY**General Fund****Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual****For the Year Ended June 30, 2004**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Taxes:				
General Property Taxes	\$ 6,928,200	\$ 6,928,200	\$ 7,103,637	\$ 175,437
General Sales & Use Taxes	15,489,900	14,776,319	15,161,445	385,126
Franchise Taxes	4,334,600	4,334,600	4,688,366	353,766
Motor Vehicle Fee	1,020,000	1,020,000	881,376	(138,624)
Total Taxes	27,772,700	27,059,119	27,834,824	775,705
Licenses & Permits	1,775,300	1,775,300	1,740,360	(34,940)
Inter-Governmental Revenue	3,259,368	3,429,968	3,557,151	127,183
Charges for Services	1,458,108	1,458,108	1,623,246	165,138
Administrative Charges	1,151,671	1,151,671	1,151,671	-0-
Fines & Forfeitures	2,226,600	2,226,600	2,500,242	273,642
Interest Income	130,000	130,000	46,483	(83,517)
Miscellaneous Revenues	10,000	10,000	29,349	19,349
Total Revenues	37,783,747	37,240,766	38,483,326	1,242,560
Expenditures:				
Current				
General Government:				
Mayor	439,456	431,097	431,067	30
City Administrator	1,961,003	1,923,325	1,920,018	3,307
City Council	468,960	462,581	442,722	19,859
City Attorney	854,230	837,145	837,145	-0-
Court Services	1,059,542	1,038,351	1,038,312	39
Administrative Services	1,490,642	1,460,683	1,460,588	95
Non-Departmental	1,255,882	1,182,077	1,099,390	82,687
Total General Government	7,529,715	7,335,259	7,229,242	106,017
Public Safety:				
Police & Animal Control	10,774,716	10,729,897	10,662,100	67,797
Fire	6,588,386	6,456,618	6,425,927	30,691
Total Public Safety	17,363,102	17,186,515	17,088,027	98,488
Public Works	5,064,050	4,995,332	4,989,534	5,798
Parks and Cemetery	2,627,995	2,580,232	2,560,672	19,560
Community Development	1,858,557	1,821,806	1,821,806	-0-
Total Expenditures	34,443,419	33,919,144	33,689,281	229,863
Excess of Revenues Over Expenditures	3,340,328	3,321,622	4,794,045	1,472,423
Other Financing Sources (Uses):				
Sale of Capital Assets	-0-	-0-	2,021	2,021
Transfers In	54,746	54,746	54,746	-0-
Transfers Out	(3,006,667)	(3,311,368)	(4,785,812)	(1,474,444)
Total Other Financing Sources (Uses)	(2,951,921)	(3,256,622)	(4,729,045)	(1,472,423)
Net Change in Fund Balances	388,407	65,000	65,000	-0-
Beginning Fund Balances	4,089,891	4,089,891	4,089,891	-0-
Ending Fund Balances	\$ 4,478,298	\$ 4,154,891	\$ 4,154,891	\$ -0-

The accompanying notes are an integral part of this financial statement

SANDY CITY
Statement of Net Assets
Proprietary Funds
June 30, 2004

	Business - Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Alta Canyon Sports Center	Water	Waste	Golf	TOTALS	
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 190,806	\$ 11,622,945	\$ 807,995	\$ 75,620	\$ 12,697,366	\$ 7,812,489
Receivables - Net	287,399	2,085,332	315,473	-0-	2,688,204	439,075
Due from other Govt. Units	-0-	350,755	-0-	-0-	350,755	-0-
Due From Other Funds	-0-	-0-	-0-	-0-	-0-	439,075
Deferred Charges	-0-	418,765	-0-	32,400	451,165	-0-
Inventories	-0-	179,488	-0-	72,853	252,341	45,084
Total Current Assets	478,205	14,657,285	1,123,468	180,873	16,439,831	8,735,723
Noncurrent Assets:						
Restricted Cash and Cash Equivalents:						
Capital Projects	-0-	223,136	-0-	-0-	223,136	-0-
Investment In:						
Water Stock, Rights, and Capacity	-0-	14,549,176	-0-	-0-	14,549,176	-0-
Joint Venture	-0-	-0-	5,034,041	-0-	5,034,041	-0-
Capital Assets						
Land, Building, Plant, and Equipment	4,604,986	79,096,689	-0-	4,827,184	88,528,859	19,762,625
Accumulated Depreciation	(3,055,404)	(33,668,345)	-0-	(15,047)	(36,738,796)	(11,140,683)
Construction in Progress	-0-	11,466,522	-0-	-0-	11,466,522	-0-
Total Assets	2,027,787	86,324,463	6,157,509	4,993,010	99,502,769	17,357,665
LIABILITIES:						
Current Liabilities:						
Accounts Payable	25,055	1,139,804	460,923	19,770	1,645,552	277,575
Salaries & Benefits Payable	34,387	96,697	6,999	21,061	159,144	57,152
Accrued Interest Payable	-0-	72,061	-0-	57,582	129,643	-0-
Due to Other Govt. Units	72	-0-	-0-	11,262	11,334	556,122
Deferred/Unearned Income	332,063	34,044	-0-	-0-	366,107	371,250
Deposits	19,025	60,548	3,643	23,247	106,463	-0-
Bonds Payable	-0-	-0-	-0-	155,000	155,000	-0-
Capital Leases	-0-	-0-	-0-	-0-	-0-	85,151
Total Current Liabilities	410,602	1,403,154	471,565	287,922	2,573,243	1,347,250
Noncurrent Liabilities						
Compensated Absences	-0-	-0-	-0-	-0-	-0-	1,365,786
Bonds Payable - Long Term	-0-	9,965,000	-0-	4,245,000	14,210,000	-0-
Capital Leases	-0-	-0-	-0-	-0-	-0-	177,262
Total Noncurrent Liabilities:	-0-	9,965,000	-0-	4,245,000	14,210,000	1,543,048
Total Liabilities	410,602	11,368,154	471,565	4,532,922	16,783,243	2,890,298
NET ASSETS						
Invested In Capital Assets, Net of Related Debt	1,549,582	46,929,866	-0-	412,137	48,891,585	8,359,529
Restricted For						
Capital Projects	-0-	223,136	-0-	-0-	223,136	-0-
Unrestricted	67,603	27,803,307	5,685,944	47,951	33,604,805	5,668,763
Total Net Assets	\$ 1,617,185	\$ 74,956,309	\$ 5,685,944	\$ 460,088	82,719,526	\$ 14,028,292
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					493,246	
Net assets of business-type activities (page 35)					\$ 83,212,772	

The accompanying notes are an integral part of this financial statement

SANDY CITY

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended June 30, 2004

	Business - Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Alta Canyon Sports Center	Water	Waste	Golf	TOTALS	
Operating Revenues:						
Charges for Sales & Services	\$ 544,578	\$ 12,829,979	\$ 3,510,665	\$ 1,127,817	\$ 18,013,039	\$ 5,773,103
Miscellaneous Revenues	2,924	61,454	-0-	-0-	64,378	259,478
Total Operating Revenues	547,502	12,891,433	3,510,665	1,127,817	18,077,417	6,032,581
Operating Expenses:						
Salaries and Benefits	554,006	1,678,190	193,670	485,407	2,911,273	1,618,188
Materials & Supplies	156,164	467,292	59,823	143,990	827,269	260,277
Contracted Services	49,255	440,649	-0-	32,627	522,531	867,511
Internal Charges	18,208	584,574	19,935	161,686	784,403	43,433
Administrative Charges	55,596	540,381	179,492	33,275	808,744	188,995
Cost of Goods Sold	43,201	4,088,257	3,022,708	122,910	7,277,076	716,495
Depreciation	162,336	2,398,457	-0-	15,047	2,575,840	2,217,742
Total Operating Expenses	1,038,766	10,197,800	3,475,628	994,942	15,707,136	5,912,641
Operating Income/(Loss)	(491,264)	2,693,633	35,037	132,875	2,370,281	119,940
Nonoperating Revenues (Expenses):						
Property Taxes	334,547	-0-	-0-	-0-	334,547	370,318
Inter-Governmental Revenue	-0-	1,172,856	-0-	-0-	1,172,856	-0-
Interest Income	1,700	146,845	9,289	1,674	159,508	98,659
Cell Tower Lease	26,997	188,994	-0-	-0-	215,991	-0-
Fees from Developers	-0-	2,233,346	-0-	-0-	2,233,346	-0-
Equity Earnings from Joint Venture	-0-	-0-	235,259	-0-	235,259	-0-
Gain/(Loss) on Disposal of Asset	209	88,694	-0-	-0-	88,903	134,614
Bond Interest Expense	-0-	(301,039)	-0-	(260,141)	(561,180)	(9,342)
Total Nonoperating Revenues (Expenses):	363,453	3,529,696	244,548	(258,467)	3,879,230	594,249
Income Before Contributions and Transfers:	(127,811)	6,223,329	279,585	(125,592)	6,249,511	714,189
Contributions From Developers	-0-	921,090	-0-	-0-	921,090	-0-
Transfers In	-0-	-0-	-0-	150,000	150,000	-0-
Change in Net Assets	(127,811)	7,144,419	279,585	24,408	7,320,601	714,189
Beginning Net Assets	1,744,996	67,811,890	5,406,359	435,680		13,314,103
Ending Net Assets	\$ 1,617,185	\$ 74,956,309	\$ 5,685,944	\$ 460,088		\$ 14,028,292
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					268,427	
Change in net assets of business-type activities (page 37)					\$ 7,589,028	

The accompanying notes are an integral part of this financial statement

SANDY CITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2004

	Business - Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Alta Canyon Sports Center	Water	Waste	Golf	TOTALS	
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 514,163	\$ 13,139,889	\$ 3,525,246	\$ 1,144,377	\$ 18,323,675	\$ 5,933,964
Payments to Suppliers	(316,980)	(6,188,367)	(3,274,287)	(555,578)	(10,335,212)	(2,183,602)
Payments to Employees	(528,253)	(1,643,383)	(194,999)	(480,350)	(2,846,985)	(1,528,276)
Other Income	2,924	61,454	-0-	-0-	64,378	-0-
Net Cash Provided by (Used in) Operating Activities	(328,146)	5,369,593	55,960	108,449	5,205,856	2,222,086
Cash Flows from Noncapital Financing Activities:						
Tax Receipts	340,447	-0-	-0-	-0-	340,447	376,298
Cash Received (Paid) on Interfund Loan	-0-	66,896	-0-	(66,896)	-0-	-0-
Transfers from Other Funds	-0-	-0-	-0-	150,000	150,000	-0-
Net Cash Provided from Noncapital Financing Activities	340,447	66,896	-0-	83,104	490,447	376,298
Cash Flows from Capital and Related Financing Activities:						
Acquisition of Capital Assets	-0-	(8,867,511)	-0-	(59,907)	(8,927,418)	(2,290,428)
Capital Grants and Contributions	-0-	2,902,007	-0-	-0-	2,902,007	-0-
Issuance of Debt - Net of Issuance Cost and Premiums	-0-	9,882,197	-0-	(200,807)	9,681,390	-0-
Principal Paid on Revenue Bonds	-0-	(6,800,000)	-0-	(150,000)	(6,950,000)	(82,887)
Interest Paid on Revenue Bonds	-0-	(485,435)	-0-	-0-	(485,435)	(9,342)
Proceeds from Cell Tower Leases	26,997	188,994	-0-	-0-	215,991	-0-
Contributions From Developers	-0-	2,233,346	-0-	-0-	2,233,346	-0-
Proceeds from Sale of Fixed Assets	210	114,350	-0-	-0-	114,560	384,235
Net Cash Provided (Used) by Capital and Related Financing Activities	27,207	(832,052)	-0-	(410,714)	(1,215,559)	(1,998,422)
Cash Flows from Investing Activities:						
Interest Income Received	1,700	146,845	9,289	1,674	159,508	98,659
Net Increase (Decrease) in Cash and Cash Equivalents	41,208	4,751,282	65,249	(217,487)	4,640,252	698,621
Cash and Cash Equivalents - Beginning of Year	149,598	7,094,799	742,746	293,107	8,280,250	7,113,868
Cash and Cash Equivalents - End of Year	\$ 190,806	\$ 11,846,081	\$ 807,995	\$ 75,620	\$ 12,920,502	\$ 7,812,489
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:						
Operating Income	\$ (491,264)	\$ 2,693,633	\$ 35,037	\$ 132,875	\$ 2,370,281	\$ 119,940
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:						
Depreciation	162,336	2,398,457	-0-	15,047	2,575,840	2,217,742
Increase (Decrease) Due to Changes in:						
Accounts Receivables	(17,048)	289,034	14,581	1,005	287,572	(98,617)
Inventories	-0-	(22,988)	-0-	(30,049)	(53,037)	(25,748)
Prepaid Assets	-0-	68,594	-0-	-0-	68,594	-0-
Accounts Payable	5,444	(112,820)	7,671	(31,041)	(130,746)	(81,143)
Salaries & Benefits Payable	25,753	34,807	(1,329)	5,057	64,288	89,912
Deferred Revenue	(13,392)	17,985	-0-	-0-	4,593	-0-
Customer Deposits	25	2,891	-0-	15,555	18,471	-0-
Net Cash Provided (Used) by Operating Activities	\$ (328,146)	\$ 5,369,593	\$ 55,960	\$ 108,449	\$ 5,205,856	\$ 2,222,086
Noncash Investing, Capital, and Financing Activities:						
Contributions of Fixed Assets From Developers	-0-	921,090	-0-	-0-	921,090	-0-
Increase in Investments in Joint Venture	-0-	-0-	235,259	-0-	235,259	-0-

The accompanying notes are an integral part of this financial statement

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The City operates under the council-mayor optional form of government. The City Council, comprised of seven elected individuals, is the governing authority for the City. The elected Mayor, with no voting rights on the City Council, has various administrative and veto powers. The City Council establishes City policy, approves the budget, and ratifies the appointment of the City Officials. The City Council is authorized to issue bonds, to incur short-term debt, to levy property taxes, and is not dependent on any other unit of local government.

As required by Accounting Principles Generally Accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Therefore, data from these units are combined with data of the primary government. Each blended unit has a June 30 year end.

Blended Component Unit

The Sandy Redevelopment Agency (the Agency) was legally created as authorized by the Utah Neighborhood Development Act. The City Council is designated by ordinance as the governing body of the Agency. Therefore, the Agency is part of the City's reporting entity because the City has accountability for all significant fiscal and operating matters. The agency is reported as a Nonmajor Governmental Fund.

The Alta Canyon Recreation Special Service District (the District) was legally created as authorized by the Utah Special Service District Act. The District is within the boundaries of the City and services the northeast quadrant (or about one-fourth) of the City. The District's Advisory Board is comprised of seven elected individuals. The Advisory Board establishes District policy, appoints the District officials, advises the City with respect to collection and disbursement of funds, and is responsible for funding deficits. The District also has the following powers: to sue and be sued, eminent domain, to enter into contracts, and to acquire and construct facilities. Of equal importance, no tax may be levied and no bonds shall be issued unless authorized by a majority of the qualified voters of the District.

The City Council approves the District's budget, property tax rate, issuance of any long-term debt, and can, at its discretion, dissolve the District. The District provides services which almost exclusively benefit the City. As of January 1, 2003, the District requested the City to take over the management of its daily operations. The District is reported as a blended component in the Enterprise Section of the financial statements.

Investment in Joint Venture

The City is a partner with neighboring cities in a joint venture known as Trans-Jordan Cities . The purpose of this joint venture is to provide solid waste management and disposal services. Investment in joint venture is accounted for using the equity method (see Note 9).

Related Organizations

The City also has activities with Metropolitan Water District. City officials appoint members to the board of directors, but the City's accountability does not extend beyond making the appointments.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, interfund activity has been removed from these statements. Governmental activities, which are largely supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on charges for services for support.

The statement of activities demonstrates the degree to which the direct expenses for a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for the Governmental Funds, Proprietary Funds, and Internal Service Funds. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues or expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. All Governmental Fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. Governmental Funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All Governmental Fund financial statements are maintained and reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period, generally 60 days. Principal revenue sources susceptible to accrual include property taxes, sales taxes, franchise taxes, special assessments, and interest on investments. Furthermore, expenditures are recorded when fund liabilities are incurred.

The Enterprise and Internal Service Fund financial statements are reported using the accrual basis of accounting. These funds are accounted for on a cost of services or "economic resources" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. The City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements to proprietary funds. Pronouncements of the Financial Accounting Standards Board (FASB) are

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

applied if issued on or before November 30, 1989 and do not conflict with GASB pronouncements.

Description of Funds

The City reports the following major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The **Storm Water Fund** accounts for the City's revenues and capital expenditures associated with drainage for storm water run off.

The **Debt Service Funds** are used to account for the accumulation of resources for payment of general long-term debt principal and interest and special assessment levies when the City is obligated in some manner for the payment.

The **Capital Projects Fund** accounts for the resources used to acquire, construct, and improve major capital facilities, other than those financed by Proprietary Funds. Capital Projects funds allow the City to compile project cost data and demonstrate that legal or contractual requirements, regarding the use of the resources, are fully satisfied. The principal source of funding is contributions from developers restricted for capital construction, operating transfers from the General Fund, grants, and bonding. All funds received for a particular purpose are restricted and used specifically for that purpose.

The City reports the following major Proprietary Funds:

The **Alta Canyon Sports Center Fund** accounts for the activities created by the Alta Canyon Recreation Special Service District.

The **Water Fund** is used to account for the operations of the City's Water Utility.

The **Waste Fund** accounts for waste collection services provided by an independent contractor.

The **Golf Fund** is used to account for the City's golf course.

Additionally, the City reports the following fund types:

The **Internal Service Funds** account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The Internal Service Funds include the Fleet Fund, the Information Services Fund, the Risk Management Fund, the Equipment Management Fund, and the Payroll Management Fund.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Budget Operation

The City operates within the budget requirements as specified by Utah State law. The financial reports reflect the following budget standards:

1. For the fiscal year beginning July 1, the budget officer prepares a tentative budget which is presented to the City Council on or before the first regularly scheduled meeting in May.
2. By resolution, the City Council legally adopts the final budget on or before June 22, after appropriate public hearings have been held. However, if there is a change to the certified tax rate, the final budget can be adopted as late as August 17.
3. Once adopted, the budget can be amended by subsequent City Council action. Reductions in or reallocations of departmental appropriations can be approved by the City Council upon recommendation of the Budget Officer, but increased appropriations require a public hearing prior to amending the budget. Transfers of unexpended appropriations from one expenditure account to another in the same department can be made with the approval of the Budget Officer.
4. Interim adjustments in estimated revenue and departmental appropriations during the fiscal year 2004 have been included in the final budget approved by the City Council, as presented in the financial statements. These amendments were not material in relation to the original appropriations.
5. As determined by Utah State law, the level for which expenditures may not legally exceed appropriations is the departmental budget within a given fund.
6. Budgets for the General, Special Revenue, Debt Service (General Purposes Debt Service Fund only), and Capital Projects Funds are adopted on a basis consistent with Accounting Principles Generally Accepted in the United States of America (GAAP). Special Assessment Funds are grouped with Debt Service Funds. Operating and capital budgets are required by Utah State law for Proprietary Fund types, although such budgets are not required to be presented in the financial statements. In addition, budgets for Special Assessment Funds are not required by Utah State law.
7. All unexpended appropriations lapse at the end of the budget year. However, unexpended Capital Projects Fund appropriations may be reappropriated by a resolution of the City Council without holding public hearings.

Encumbrances

Encumbrance accounting is not employed by the City.

Investments

Investments in interest earning deposits are stated at cost plus or minus unamortized premiums or discounts which approximates fair value.

Inventory

The inventories are stated at the lower of cost, determined on the first-in first-out basis, or market.

Deferred Charges

Deferred charges represent issuance costs on bonds which are amortized over the life of the issue using the bonds outstanding method, which approximates the interest method.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Interfund Transactions

In the normal course of its operations, the City has various transactions between funds. Various City funds provide a number of services such as administrative, fleet operations, information services, insurance and risk management, etc. to other City funds. Charges are treated as revenues in the fund providing the service and as operating expenses in the fund receiving the service. Non-recurring and non-routine transfers are accounted for as changes in fund balance. Other transfers are recognized as transfers in and out, respectively, by the funds involved. Short-term payables are shown as due to/from other funds. Long-term payables are shown as advances to/from other funds.

Other Depreciable Property

Other depreciable property, including autos, trucks, machinery and equipment, and office furniture and equipment, is stated at cost. Depreciation has been provided on a straight-line method over estimated useful lives.

Water Rights

Water stock, rights, and capacity are stated at cost.

Capital Assets

Capital Assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$7,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost when actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Wells	25 years
Water Tanks	25 years
Distribution Mains	33 years
Buildings and Structures	20-40 years
Pumps	8 years
Machinery and Equipment	5-10 years
Vehicles	5-15 years
Office Furniture and Equipment	5-10 years
Street Lights and Traffic Signals	30-50 years
Storm Water Improvements	40 years
Pools	30 years
Infrastructure	25 years

Modified Approach

With the implementation of GASB Statement No. 34, Sandy City began capitalizing roadway system infrastructure in fiscal year 2003. The City elected to follow the modified approach to account for this infrastructure.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

The City has made a commitment to preserve and maintain the roadway system of infrastructure assets at a condition level determined by the City. The City's Public Works department is responsible for determining the appropriate condition level at which the roadway system is to be maintained. No depreciation expense is reported for the roadway system after July 1, 2002; however, the estimated historical cost of roadway system infrastructure up to July 1, 2002 was recorded in total along with corresponding accumulated depreciation. Amounts capitalized in connection with improvements that lengthen the life of the roadway system are not reported unless the improvements also increase its service potential. The City maintains an inventory of the roadway system and performs periodic condition assessments to establish that the predetermined condition level is being maintained. Annual estimates are made by the City of the amounts that must be expended to preserve and maintain the roadway system at the predetermined condition levels.

Contributions

Certain proprietary fund types receive contributions for aid in construction from various sources. With the July 1, 2000 adoption of Statement of Governmental Accounting Standards (SGAS) No. 33, these contributions that were formerly credited directly to contributed capital accounts are now reflected as non-operating revenue. With the July 1, 2001 adoption of SGAS No. 34, amounts that were contributed in prior years and were shown as contributed capital at June 30, 2002, have been reclassified as beginning net assets.

Capital Leases

The City has acquired certain assets under leases which are required by Accounting Principles Generally Accepted in the United States of America to be accounted for as capital leases. A capital lease is one which results in the lessee (the City) obtaining financing for the purchase of the leased asset. The present values of the lease payments at inception of the leases and the corresponding assets are recorded. Governmental fund capital lease transactions are accounted for in the governmental activities portion of the government-wide statements, while those of the proprietary funds are accounted for in their respective funds. The liability is reduced each year by the portion of lease payments representing principal, not interest. The cost of leased assets is amortized over the life of the assets and the amortization expense is included with depreciation expense.

Utility Revenue

Throughout the year, utility revenues in the Water, Electric Utilities, and Storm Water Utilities Funds are recorded when billed. At year end, the fund records, as unbilled receivables and revenue, an amount which approximates revenue from the last meter reading or billing date at year end.

Deferred Revenue

Deferred property tax revenue as of June 30, 2004 consists of property taxes levied for fiscal year 2003-2004 and collected in advance or recorded as a receivable. Deferred special assessment revenue as of June 30, 2004 consists of special assessments levied but not collected or available to pay liabilities of the current period.

Total Columns

The total columns shown on the accompanying fund financial statements are mathematical totals only and do not eliminate inter-fund transactions or include other entries required to present consolidated financial statements. The government-wide financial statements do, however, eliminate most inter-fund transactions and the double

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

counting of revenues and expenses. They are therefore much closer to the consolidated financial statements presented in private sector accounting.

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental Fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and are therefore reported as receivables. The \$618,132 in receivables consists of \$441,418 of delinquent property taxes and \$176,714 justice court receivables.

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the governmental-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The \$5,320,133 difference consists of \$10,897,922 of capital outlays, \$3,139,123 asset deletions and \$(2,438,666) of depreciation expense.

Another element of that reconciliation states that "The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The \$1,375,851 difference consists of:

Debt issued or incurred:

Sales Tax Revenue Bonds	\$ 7,225,000
Less Issuance Cost (net of premiums)	(56,944)
Amortization of Issuance Costs	15,755
Principal Repayments	(8,378,000)
Difference Between Interest Paid and Interest Expense Accrued	<u>(181,662)</u>
Total Difference Related to the Issuance and Repayment of Debt	<u>\$ 1,375,851</u>

Note 3 - Property Taxes

The property tax revenue of Sandy City is collected and distributed by the Salt Lake County Treasurer as an agent for the City. Utah State laws establish the process by which taxes are levied and collected. The property tax

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

calendar is as follows:

1. By March 1, the City notifies the County Commission to establish a proposed date, time, and place for a tax rate adoption hearing.
2. By March 31, the County Treasurer settles property taxes charged and collected for the previous year.
3. By June 8, the County Auditor sends valuation, certified tax rate, and levy worksheet forms to the City.
4. Before June 22, the City adopts a proposed tax rate and certifies the tax rate with the County Auditor.
5. Before July 22 (if the City adopts a tax rate higher than the certified tax rate), the county Auditor mails a notice of intent to exceed the certified tax rate to property owners. This notice is normally combined with the tax notice.
6. By August 17, the City adopts the final tax rate and certifies the tax rate with the County Auditor.
7. Between August 8 and August 22, taxpayers may petition the County Board of Equalization for an adjustment in the taxable value of the real property.
8. By November 1, the County Auditor approves changes in taxable value of the real property and the County Treasurer mails tax notices with a due date of November 30. Payments made after November 30 are considered delinquent and are subject to a penalty.
9. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the real property, and the amount of taxes and penalties bear interest from January 1 until paid. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale.

With the July 1, 2000 adoption of Statement of Governmental Accounting Standards (SGAS) No. 33, more fully described below, Sandy City changed its method of accounting for property taxes. SGAS No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, defines a nonexchange transaction as one in which “a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange.” For property taxes, at January 1 of each year (the assessment date), the City has the legal right to collect the taxes, and in accordance with the provisions of the new statement, has now recorded a receivable and a corresponding deferred revenue for the assessed amount of those property taxes as of January 1, 2004. Most of the tax will not be received until the following fiscal year.

Note 4 - Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition.

Detailed accounting records are maintained for each individual fund; however, to provide the maximum amount of interest earnings on all funds of the City, all cash is pooled for investment purposes.

The City (including all funds and fund types) follows the requirements of the Utah Money Management Act in handling its depository and temporary investment transactions. This law requires the depositing of City funds in a “qualified depository”. The Act defines a “qualified depository” as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds. The Money Management Act also defines the types of securities allowed as appropriate temporary investments for the City and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

The City's deposits at June 30, 2004 are categorized in the following table to give an indication of the level of risk assumed by the City at year end. Category 1 includes deposits that are insured or collateralized with securities held by the City or its agent in the City's name. Category 2 includes deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 3 are deposits which are uninsured and uncollateralized.

Deposits	Categories			Bank Balance	Carrying Amount
	1	2	3		
Bank Accounts - Sandy City	\$ 100,000	\$ -0-	\$ 1,078,328	\$ 1,178,328	\$ 1,111,884

The City's investment policies are governed by State statutes. City funds are invested only in the following: (1) negotiable or nonnegotiable deposits of qualified depositories; (2) repurchase agreements with qualified depositories or primary reporting dealers, acting as principal for securities of the United States Treasury or other authorized investments, only if these securities are delivered to the custody of the City Treasurer or the City's safekeeping bank or are conducted with a qualified depository; (3) commercial paper which is rated P-1 by Moody's Investor Services or A-1 by Standard and Poor's Inc., having a remaining term to maturity of 270 days or less; (4) bankers' acceptances that are eligible for discount at a federal reserve bank and which have a remaining term to maturity of 270 days or less; (5) negotiable interest bearing deposits of \$100,000 or more which have a remaining term to maturity of 365 days or less; (6) obligations of the United States Treasury including United States Treasury Bills, United States Treasury Notes, and United States Treasury Bonds; (7) obligations issued or fully guaranteed as to principal and interest by the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: Federal Home Loan Banks, Federal Farms Credit Banks, Federal National Mortgage Association, Federal Agricultural Mortgage Corporation, Federal Home Loan Mortgage Corporation, Tennessee Valley Authority, or Student Loan Marketing Association; (8) the Utah State Treasurer's Investment Fund; and (9) fixed and variable rate corporate obligations that meet criteria under the Money Management Act.

As of June 30, 2004, the City had no investments requiring risk disclosure. However, the following amounts were held in the Utah State Treasurer's Pool:

Holdings	Reported Amount / Fair Value
Utah State Treasurer's Pool Account	\$ 49,329,169

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

A summary of restricted and unrestricted cash and cash equivalents at June 30, 2004 is as follows:

	Cash and Cash Equivalents
Unrestricted	\$ 40,860,858
Restricted	9,580,195
Total	\$ 50,441,053
Deposits	\$ 1,111,884
Investments	49,329,169
Total	\$ 50,441,053

Note 5 - Restricted Assets

General Fund - Activity in unexpended State Road funds, during fiscal year 2004, that are required by the Utah State law to be restricted for road construction and maintenance, are summarized as follows:

Balance - July 1, 2003	\$ -0-
Additions:	
Allotments	3,240,291
Reductions:	
Highway Maintenance	3,240,291
Transfers to Capital Projects Fund	-0-
Balance - June 30, 2004	<u>\$ -0-</u>

Debt Service Fund

Pursuant to Utah State law and the bond indentures of the Auto Mall Special Improvement District Special Assessment Bonds, the City has created a Special Improvement Guarantee Fund. The assets of the Special Improvement Guarantee Fund are restricted for payment of maturing special improvement bonds and interest accruing thereon of \$196,000. As of June 30, 2004, the amount held of \$196,000 was in compliance with funding requirements.

Pursuant to Utah State law and the bond indentures of the City Center Special Assessment Bonds, the City has created a Special Improvement District Fund. The assets of the Special Improvement District Fund are restricted for payment of maturing special improvement bonds and interest accruing thereon of \$440,900. As of June 30, 2004, the amount held of \$440,900 was in compliance with funding requirements.

Pursuant to Utah State law and the bond indentures of the South Towne Ridge Special Assessment Bonds, the City has created a Special Improvement District Fund. The assets of the Special Improvement District Fund are

SANDY CITY
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JUNE 30, 2004

restricted for payment of maturing special improvement bonds and interest accruing thereon of \$76,200. As of June 30, 2004, the amount held of \$76,200 was in compliance with funding requirements.

Pursuant to the Municipal Building Authority (MBA) of Sandy 1998C Bonding Agreement, the MBA has a debt service reserve fund in the amount of \$748,473 in the General Purpose Debt Fund. As of June 30, 2004, the Municipal Building Authority was in compliance with funding requirements.

Pursuant to the Municipal Building Authority (MBA) of Sandy 1999 Bonding Agreement, the MBA has a debt service reserve fund in the amount of \$841,757 in the General Purpose Debt Fund. As of June 30, 2004, the Municipal Building Authority was in compliance with funding requirements.

Pursuant to the 2000 Motor Fuel Excise Tax Revenue Bonding Agreement, the City is required to have a debt service reserve of \$707,500. As of June 30, 2004, the City was in compliance with funding requirements with reserves in the General Purpose Debt Service Fund.

Other Governmental Funds

Restricted assets represent unexpended receipts which are restricted for use on future capital projects. The changes in restricted balances during fiscal year 2004 are summarized as follows:

	State Road Funds	Capital Projects Fund				Storm Water Fund
		Park & Trail Fees	Grants & Court Surcharge	Land Purchase/ Other	Total	
Balance - July 1, 2003	\$ 1,480,671	\$ 607,775	\$ 770,713	\$ 1,730,069	\$ 3,108,557	\$ 2,045,333
Additions:						
Fees & Transfers In	416,442	184,486	504,692	30,163	719,341	-0-
Interest Earnings	21,169	9,498	10,997	21,733	42,228	-0-
Reductions: Expenditures & Transfers Out	(655,012)	(40,753)	(552,461)	(121,383)	(714,597)	(117,904)
Balance - June 30, 2004	\$ 1,263,270	\$ 761,006	\$ 733,941	\$ 1,660,582	\$ 3,155,529	\$ 1,927,429

Business Type (Water) Fund

Pursuant to the 2004 Water Revenue Refunding Bond agreement, the excess proceeds from the refunding are to be used for capital projects. The unexpended portion of this refunding as of year end was \$223,136. As of June 30, 2004 this amount was reserved.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 6 - External Investment Pool

The City invests in the Public Treasurer's Investment Fund (PTIF) which is an external investment pool administered by the Utah State Treasurer. State agencies, municipalities, counties, and local governments within the State of Utah are allowed to invest in the PTIF. There is no required participation and no minimum balance or minimum/maximum transaction requirements.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Chapter 51-7, Utah Code Annotated, 1953, as amended (The Act). The Act establishes the Money Management Council which oversees the activities of the State Treasurer and the PTIF. The Act details the investments that are authorized which are high-grade securities and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionally in any realized gains or losses on investments.

The PTIF allocates income and issues statements on a monthly basis. The PTIF operates and reports to participants on an amortized cost basis. The participant's balance is their investment deposited in the PTIF plus their share of income, gains and losses net of administration fees which is allocated to each participant on the ratio of each participant's share to the total funds in the PTIF. The participant's monthly investment amount is based upon their average daily balance. Twice a year at June 30 and December 31, the investments are valued at fair value for participants (public entities having those year ends) to enable them to adjust their investments in this pool at fair value. The Bank of New York and the State of Utah separately determine each security's fair value in accordance with GASB Statement No. 31 (i.e. for almost all pool investments the quoted market price as of June 30, 2004) and then compare those values to determine an agreed upon fair value of the securities.

As of June 30, 2004 the City had \$49,294,568 invested in the PTIF which had a fair value of \$49,329,169. The City has recognized a gain of \$34,601. The table below shows statistical information about the investment pool:

Investment Type	Interest Rates	Weighted Average Maturity
Money Market Funds	1.02% - 1.10%	59 Days
Certificates of Deposit	1.20% - 1.60%	63.96 Days
U.S. Government Securities	1.10% - 2.30%	66.34 Days
Corporate Bonds and Notes	1.16% - 3.39%	51.28 Days
Total/Average	1.59%	55.43 Days

Note 7 - Receivables

Receivables in governmental activities consist of \$10,685,137 in taxes, \$6,469,000 in special assessments, \$1,161,034 in billing receivables, and \$103,921 in other receivables. Business-type activities receivables are comprised of \$2,400,516 in billing receivables, \$287,399 in taxes receivable, and other receivables of \$289. The City expects to collect all of these receivables during fiscal year 2005.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 8 - Due From/To Other Funds

Short term interfund loans at June 30, 2003 are summarized as follows:

Fund	Due From Other Funds	Due to Other Funds
Governmental Funds:		
Redevelopment Agency	\$ 3,105	\$ -0-
CDBG Fund	-0-	3,105
Total	\$ 3,105	\$ 3,105

Note 9 - Joint Venture

As of June 30, 2004, the City has a 35.46 percent ownership in Trans-Jordan Cities (the Association). The Association was organized in 1968 as a joint enterprise fund of the Cities of Midvale, West Jordan, Murray, and Sandy, Utah. In 1997 the Association was joined by the City of South Jordan, and the Cities of Draper and Riverton joined in 1998. The primary purpose of the Association is the operation, maintenance, and control of a refuse dumping site situated east of Bingham Canyon in Salt Lake County. The percentage interest in operations for each of the entities is as follows:

Sandy City	35.46 %
West Jordan City	26.66
Murray City	10.26
Midvale City	6.08
South Jordan	8.71
Draper	5.98
Riverton	<u>6.85</u>
Total	<u>100.00 %</u>

The Association is governed by its own Board of Directors. Under the Organization Agreement, the board is composed of the Mayors, or their appointed representatives, of the seven participating cities. The Board of Directors

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
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appoints the management and staff of the Association and approves all financial matters such as the operating budget and usage fees. The following is a summary of audited financial information of the Association for the year ended June 30, 2004:

Assets:

Current Assets	\$ 8,454,034
Property, Plant and Equipment - Net	6,252,138
Non Current Assets	<u>3,513,104</u>
Total Assets	<u>\$ 18,219,276</u>

Liabilities and Retained Earnings:

Liabilities	\$ 4,022,885
Contributed Capital	2,817,115
Retained Earnings	<u>11,379,276</u>
Total Liabilities and Retained Earnings	<u>\$ 18,219,276</u>

Income Statement:

Operating Revenue	\$ 4,859,786
Operating Expenses	<u>4,416,726</u>
Operating Income (Loss)	443,060
Non-Operating Income	<u>214,746</u>
Net Income	<u>\$ 657,806</u>

The City paid \$583,924 to the Association for land fill costs during fiscal year 2004. Complete financial statements for the Association may be obtained at the following address:

Trans Jordan City Landfill
10873 S.7200 W.
South Jordan, Utah 84095

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 10 - Investment in Water Stock, Rights, and Capacity

The Water Fund had the following investments in water stock, rights, and capacity at June 30, 2004:

Water Stock:	<u>Shares</u>	<u>Cost</u>
Bell Canyon Irrigation Company	1,832	\$ 441,871
Cahoon and Maxfield Irrigation Company	50	1,856
Draper Irrigation Company	639	512,100
East Jordan Irrigation Company	485	33,160
Granite Water Company	4	3,600
Last Chance Ditch Company	488	26,063
Little Cottonwood Water Company	11,358	113,580
Nickle Irrigation Company	923	63,331
Sandy Canal Company	1,148	1,151,221
Sandy Irrigation Company	1,552	723,833
South Despain Ditch Company	33	20,041
Tanner Ditch Company	2	450
Union East Jordan Irrigation Company	790	45,446
Welby Jacob Water Users Company	10	10,000
Provo Reservoir Water Users Company	52	780,179
Provo Bench Canal and Irrigation Company	1	27,975
North Jordan Irrigation Company	84	<u>199,500</u>
Total Water Stock		4,154,206
Water Rights:		
Metro Water District - Drought Purchase		439,710
Thompson and Lym Ditches		38,581
Water Capacity		<u>9,916,679</u>
Total Water Stock, Rights and Capacity		<u>\$14,549,176</u>

Note 11 - Capital Assets

The following two tables summarize the changes in capital assets for governmental and business-type activities during the year ended June 30, 2004:

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Primary Government

Government Activities:

Capital Assets, Not Being Depreciated:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 187,257,076	\$ 1,737,466	\$ 62,831	\$ 188,931,711
Infrastructure	116,844,988	1,123,615	2,935,972	115,032,631
Construction in Progress	16,770,135	1,772,537	16,595,197	1,947,475
Total Capital Assets, Not Being Depreciated	320,872,199	4,633,618	19,594,000	305,911,817

Capital Assets, Being Depreciated:

Buildings	23,645,894	7,596,742	-0-	31,242,636
Non-Building Imprv	8,632,465	5,555,712	-0-	14,188,177
Machinery & Equip	6,766,142	372,307	114,565	7,023,884
Autos & Trucks	13,195,039	2,112,390	1,237,789	14,069,640
Street Lights	8,306,100	383,059	-0-	8,689,159
Storm Water	15,918,957	9,071,244	-0-	24,990,201
Total Capital Assets being depreciated	76,464,597	25,091,454	1,352,354	100,203,697

Less Accumulated Depreciation:

Buildings	5,366,210	771,549	-0-	6,137,759
Non-Building Improvements	4,888,873	602,162	-0-	5,491,035
Machinery & Equipment	3,481,497	778,128	95,636	4,163,989
Autos & Trucks	7,171,950	1,593,771	988,761	7,776,960
Street Lights	1,260,206	289,557	-0-	1,549,763
Storm Water	6,749,655	621,241	-0-	7,370,896
Total Accumulated Depreciation	28,918,391	4,656,408	1,084,397	32,490,402

Total Capital Assets, Being Depreciated, Net

Governmental Activities Capital Assets, Net

	47,546,206	20,435,046	267,957	67,713,295
	\$ 368,418,405	\$ 25,068,664	\$ 19,861,957	\$ 373,625,112

Business-Type Activities:

Capital Assets, Not Being Depreciated:

Land	\$ 6,445,292	\$ -0-	\$ 25,656	6,419,636
Construction in Progress	6,604,862	6,088,845	1,227,185	11,466,522
Total Capital Assets, Not Being Depreciated	13,050,154	6,088,845	1,252,841	17,886,158

Capital Assets, Being Depreciated:

Buildings	3,122,867	601,884	-0-	3,724,751
Non-Building Imprv	2,709,547	-0-	-0-	2,709,547
Main Lines	52,972,180	3,341,167	-0-	56,313,347
Wells	5,526,932	943,245	-0-	6,470,177
Storage Tanks	9,038,607	8,935	-0-	9,047,542
Pump Equipment	2,535,715	-0-	-0-	2,535,715
Pool	605,364	-0-	-0-	605,364
Autos & Trucks	12,928	-0-	-0-	12,928
Machinery & Equip	670,965	18,886	-0-	689,851
Total Capital Assets being depreciated	77,195,105	4,914,117	-0-	82,109,222

Less Accumulated Depreciation:

Buildings	1,095,511	92,577	-0-	1,188,088
Non-Building Imprv	1,997,347	133,588	-0-	2,130,935
Main Lines	20,783,591	1,668,693	-0-	22,452,284
Wells	2,309,470	230,898	-0-	2,540,368
Storage Tanks	4,893,482	319,545	-0-	5,213,027
Pump Equipment	2,197,343	76,914	-0-	2,274,257
Pool	362,762	20,179	-0-	382,941
Autos & Trucks	12,928	-0-	-0-	12,928
Machinery & Equip	510,520	33,448	-0-	543,968
Total Accumulated Depreciation	34,162,954	2,575,842	-0-	36,738,796

Total Capital Assets, Being Depreciated, Net

Business-Type Activities Capital Assets, Net

	43,032,151	2,338,275	-0-	45,370,426
	\$ 56,082,305	\$ 8,427,120	\$ 1,252,841	\$ 63,256,584

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Depreciation expense for the year ended June 30, 2004 for governmental and business-type activities are shown in the following table:

Governmental Activities:

General Government	\$ 201,148
Police & Animal Control	121,436
Fire	137,545
Public Works	189,159
Parks, Landscapes and Cemetery	697,071
Community Development	43,400
Economic Development	6,697
Recreation and Cultural Events	107,571
Electric Utility	300,718
Storm Water Utility	633,921

Capital assets held by the government's internal service funds are
charged to the various functions based on their usage of the assets

1,133,345

Total Depreciation Expense - Governmental Activities

\$ 3,572,011

Business-Type Activities

Alta Canyon Sports Center	\$ 162,336
Water	2,398,457
Golf Course	<u>15,047</u>

Total Depreciation Expense - Business-Type Activities

\$ 2,575,840

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 12 - Long-term Obligations

Revenue bonds and other long-term liabilities directly related to and intended to be paid from proprietary funds are included in the accounts of such funds. All other long-term obligations of the City are accounted for in the Governmental Activities of the government-wide statements. The following table summarizes changes in long-term obligations for the year ended June 30, 2004:

	Rate (%)	Amount of Original Issue (bonds only)	Balance June 30, 2003	Additions	Retirements	Balance June 30, 2004	Due Within One Year
Governmental Activities							
General Obligation Bonds							
General Obligation Bonds	3.60 to 5.50	\$ 6,250,000	\$ 5,255,000	\$ -0-	\$ 505,000	\$ 4,750,000	\$ 525,000
Revenue Bonds							
1994 Building Lease	4.20 to 6.40	2,325,000	1,080,000	-0-	1,080,000	-0-	-0-
1996 Motor Fuel Excise Tax	3.75 to 4.85	9,750,000	4,445,000	-0-	4,445,000	-0-	-0-
1998C MBA Lease	3.80 to 4.80	7,840,000	7,345,000	-0-	195,000	7,150,000	220,000
1999 MBA Lease	4.30 to 5.30	9,780,000	8,885,000	-0-	340,000	8,545,000	355,000
2000 Motor Fuel Excise Tax	4.25 to 5.25	7,075,000	5,485,000	-0-	565,000	4,920,000	595,000
2001A MBA Escrow	4.71	600,000	375,000	-0-	120,000	255,000	125,000
2002 Storm Water Revenue	3.00 to 5.25	10,180,000	9,700,000	-0-	550,000	9,150,000	545,000
2003 Sales Tax Revenue	1.75 to 4.60	7,225,000	-	7,225,000	-0-	7,225,000	1,545,000
Special Development Bonds							
2002 Auto Mall Refunding	2.73 to 4.83	1,960,000	1,960,000	-0-	37,000	1,923,000	184,000
2002A Parking Facility	2.65 to 4.75	4,409,000	4,409,000	-0-	376,000	4,033,000	385,000
2002B South Towne Ridge Road	2.80 to 4.80	762,000	762,000	-0-	65,000	697,000	66,000
Notes Payable							
HUD Section 108 Loan	LIBOR + .2%	2,515,000	2,045,000	-0-	100,000	1,945,000	110,000
Long-Term Compensated Absences							
			809,173	153,571	54,419	908,325	-0-
Internal Service Fund Debt							
Compensated Absences			1,286,384	94,683	15,281	1,365,786	72,165
Equipment Lease Purchase	2.70	345,300	345,300	-0-	82,887	262,413	85,151
Total Governmental Long-Term Obligations		\$ 71,016,300	\$ 54,186,857	\$ 7,473,254	\$ 8,530,587	\$ 53,129,524	\$ 4,812,316
Business-Type Activities							
1993 Water Refunding	4.00 to 5.40	\$ 8,890,000	\$ 6,800,000	\$ -0-	\$ 6,800,000	\$ -0-	\$ -0-
2002B Sales Tax Revenue (Golf)	3.00 to 5.00	4,550,000	4,550,000	-0-	150,000	4,400,000	155,000
2004 Water Revenue and Refunding	2.50 to 5.00	9,965,000	-	9,965,000	-0-	9,965,000	-0-
Total Business-Type Long-Term Obligations		23,405,000	11,350,000	9,965,000	6,950,000	14,365,000	155,000
Total Government Wide Long-Term Obligations		\$ 94,421,300	\$ 65,536,857	\$ 17,438,254	\$ 15,480,587	\$ 67,494,524	\$ 4,967,316

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

The annual debt requirements to maturity, including principal and interest, as of June 30, 2004 are listed in the following tables:

Year Ending June 30	Governmental Activities							
	General Obligation Bonds		Revenue Bonds		Special Assessment Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 525,000	\$ 230,929	\$ 3,385,000	\$ 1,653,397	\$ 635,000	\$ 276,603	\$ 110,000	\$ 127,933
2006	555,000	205,140	3,515,000	1,539,674	655,000	256,864	115,000	120,749
2007	585,000	177,341	2,365,000	1,427,041	679,000	234,165	125,000	113,026
2008	615,000	147,334	2,420,000	1,333,574	703,000	208,471	130,000	104,770
2009	650,000	114,905	2,555,000	1,223,218	729,000	180,168	140,000	95,925
2010-2014	1,820,000	133,253	10,115,000	4,516,508	3,252,000	386,712	880,000	315,689
2015-2019	-0-	-0-	10,035,000	2,072,376	-0-	-0-	445,000	31,757
2020-2025	-0-	-0-	2,855,000	238,719	-0-	-0-	-0-	-0-
Subtotal	<u>\$ 4,750,000</u>	<u>\$ 1,008,902</u>	<u>37,245,000</u>	<u>\$14,004,507</u>	<u>\$ 6,653,000</u>	<u>\$ 1,542,983</u>	<u>\$ 1,945,000</u>	<u>\$ 909,849</u>
Less Unamortized Premiums, Discount, and Costs			182,266					
Net Debt			<u>\$37,062,734</u>					

Year Ending June 30	Governmental Activities (Continued)				Business Activities	
	Capital Leases		Totals		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 85,151	\$ 7,085	\$ 4,740,151	\$ 2,295,947	\$ 155,000	\$ 602,133
2006	87,450	4,786	4,927,450	2,127,213	895,000	563,845
2007	89,811	2,425	3,843,811	1,953,998	920,000	540,139
2008	-0-	-0-	3,868,000	1,794,149	945,000	514,873
2009	-0-	-0-	4,074,000	1,614,216	980,000	486,126
2010-2014	-0-	-0-	16,067,000	5,352,162	3,095,000	2,039,424
2015-2019	-0-	-0-	10,480,000	2,104,133	3,175,000	1,405,848
2020-2025	-0-	-0-	2,855,000	238,719	4,200,000	587,588
Subtotal	<u>\$ 262,412</u>	<u>\$ 14,296</u>	<u>50,855,412</u>	<u>\$17,480,537</u>	<u>14,365,000</u>	<u>\$ 6,739,976</u>
Less Unamortized Premiums, Discount, and Costs			182,266		451,165	
Net Debt			<u>\$50,673,146</u>		<u>\$13,913,835</u>	

General Obligation Bonds

On December 15, 1995, the City issued \$6,250,000 in General Obligation Refunding Bonds (series 1995) with a maturity date of December 15, 2011 at interest rates of 3.60 to 5.50 percent. The bonds were issued for the purpose of advance refunding of the City's \$8,065,000 Public Building and Refunding Bonds (series 1991) which were originally issued for (1) the construction of a City hall/police station; (2) the refunding of certain certificates of participation; and (3) the refunding of certain general obligation bonds. The bonds maturing on or prior to December 15, 2005, are not subject to call and redemption prior to maturity, while those maturing on or after December 15, 2006, are subject to redemption at the option of the City on December 15, 2005, and on any date thereafter. The redemption price is equal to 100% of the principal amount plus accrued interest.

Special Improvement Bonds with Governmental Commitment

Principal and interest on special improvement bonds are paid from special assessment collections. The primary source of repayment of the special assessment debt is assessments against the benefitted property owners.

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NOTES TO FINANCIAL STATEMENTS
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This debt is secured by liens on assessed property and is also backed by the full faith and credit of the City as additional security (see debt service reserve requirement in Note 5).

A separate fund, the Special Improvement Debt Service Fund, has been established to contain the receipts derived by the City from the special assessments levied upon the property included in the special improvement districts together with interest on the assessments and, if necessary, additional funds transferred by the City to the debt service fund. Under the terms of the special improvement bond resolutions and state law, the City has agreed to maintain a special improvement guarantee account for the benefit of the bondholders.

On September 1, 1993, the City issued \$2,840,000 in Special Assessment Bonds at rates from 4.00 to 7.20 percent with a final maturity date of September 1, 2012. This bond, however, was refinanced during the 2003 fiscal year and replaced with the 2002 Auto Mall Refunding Bonds. The Special Improvement District No. 90-1 (Auto Mall) was originally established by the City for the purpose of making improvements within the District. Assessments have been levied against the property included within the district to finance the cost of the improvements, all in conformance with and subject to the requirements of the Improvement District Act.

On September 1, 2002, the City issued \$1,960,000 in Special Assessment Refunding Bonds (Auto Mall) at rates from 2.73 to 4.83 percent with a final maturity date of September 1, 2012. This bond replaced the bond listed above.

On December 19, 2002, the City issued \$4,409,000 in Special Assessment Bonds at rates from 2.65 to 4.75 percent with a final maturity date of December 15, 2012. The Special Improvement District No. 2001-1 (Parking Structure) was established by the City for the purpose of acquisition of land and rights of way and construction of parking and plaza improvements.

On December 19, 2002, the City issued \$762,000 in Special Assessment Bonds at rates from 2.80 to 4.80 percent with a final maturity date of December 15, 2012. The Special Improvement District No. 2000-1 (South Towne Ridge Road) was established by the City to acquire land and rights of way, to construct roads, and to install water, sewer, and storm drain improvements.

Motor Fuel Bonds

On December 1, 1996 and March 7, 2000, the City issued \$9,750,000 and \$7,075,000, respectively, in Motor Fuel Excise Tax Revenue Bonds. The series 1996 interest rates vary from 3.75 to 4.85 and have a final maturity of July 15, 2006, while the series 2000 bonds bear interest at 4.25 to 5.25 percent and have a final maturity of January 15, 2010. Both bonds were issued to finance the construction or repair of streets located within the City boundaries. The City has pledged motor and special fuel excise taxes (Class C road funds) as collateral for these revenue bonds. The series 1996 bonds maturing on or prior to July 15, 2003 are not subject to call and redemption prior to maturity, while those maturing on or after January 15, 2004, are callable for redemption prior to maturity at the option of the City on January 15, 2004, and on any date thereafter. The redemption price is equal to 100% of the principal amount plus accrued interest. The series 2000 bonds are not callable for redemption prior to maturity.

On August 15, 2003 the City defeased the \$9,750,000 1996 Motor Fuel Excise Tax Revenue bonds with a portion of the 2003 Sales Tax Revenue and Refunding Bonds. See the "Sales Tax Revenue Bonds" section below for additional information.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Water Bonds

On August 3, 1993, the Water Utility issued \$8,890,000 in Revenue Refunding Bonds (series 1993A) at rates from 4.00 to 5.40 percent with a final maturity date of July 1, 2009. The bonds were issued for the purpose of (i) advance refunding and defeasing a portion of the outstanding 1990 bonds, (ii) retiring portions of the City's water revenue bond anticipation notes, (iii) financing the acquisition and construction of various water projects and (iv) funding the City's withdrawal from the Salt Lake County Water Conservancy District and annexation into the Metropolitan Water District of Salt Lake City. These bonds were defeased by the 1994 Water Revenue and Refunding Bonds (see below).

On April 22, 2004, the Water Utility issued \$9,965,000 in Water Revenue and Refunding Bonds (Series 2004) at rates from 2.50 to 5.00 percent with a final maturity date of November 15, 2020. The bonds were issued for the purpose of (i) refunding all of the City's outstanding Water Revenue and Refunding Bonds, Series 1993A, (ii) financing costs of certain improvements to the City's water system and (iii) paying costs of issuance of the Series 2004 Bonds.

The bond resolution approved in conjunction with the issuance of the 2004 Sandy City Water Revenue and Refunding Bonds provides, among other things, that certain funds be established and that certain accounting procedures be followed. Under the terms of the resolution, the City will establish and collect rates and charges (including impact fees and connection fees) for System services which are reasonably expected to produce net revenues equal to 110 percent of the aggregate annual debt service requirement for such year.

Municipal Building Authority Bonds

On June 8, 1994, the Municipal Building Authority issued \$2,325,000 in Lease Revenue Bonds (series 1994B) at rates from 4.20 to 6.40 percent with a final maturity date of May 15, 2008. The 1994B bonds were issued (1) to finance the acquisition of an educational facility (University of Utah Continuing Education Building Project), (2) to fund a Debt Service Reserve Fund, (3) to pay capitalized interest, and (4) to pay costs of issuance. The 1994B Bonds are subject to optional redemption on any interest payment date on and after May 15, 2004 at the election of the City. The redemption price is equal to 100% of the principal amount plus accrued interest. These bonds were defeased with a portion of the Series 2003 Sales Tax Revenue and Refunding Bonds. See the "Sales Tax Revenue Bonds" section below for more information.

On December 1, 1998, the Municipal Building Authority issued \$7,840,000 in Lease Revenue Bonds (series 1998C) at rates from 3.80 to 4.80 percent with a final maturity date on June 15, 2020. The series 1998C bonds were issued for the purpose of financing the costs of the acquisition and construction of a public amphitheater and other related improvements on land owned by the City. The proceeds from the sale of the series 1998C Bonds were also used for the purpose of funding a deposit to the debt service fund, paying capitalized interest on a portion of the series 1998C bonds and paying necessary issuance costs. The bonds maturing prior to June 15, 2009 are not subject to call and redemption prior to maturity, while those maturing on or after June 15, 2009, are subject to redemption at the election of the City on June 15, 2008 and on any date thereafter. The redemption price is equal to 100% of the principal amount plus accrued interest.

On December 7, 1999, the Municipal Building Authority issued \$9,780,000 in Lease Revenue Bonds (series 1999) at rates from 4.30 to 5.30 percent with a final maturity date on June 15, 2020. The bonds were issued for the purpose of acquiring land for Quail Hollow Park, and constructing facilities at Lone Peak Park. The bonds maturing

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

prior to June 15, 2010 are not subject to call and redemption prior to maturity, while those maturing on or after June 15, 2011, are subject to redemption at the election of the City on June 15, 2010 and on any date thereafter. The redemption price is equal to 100% of the principal amount plus accrued interest.

On March 6, 2001, the Municipal Building Authority issued \$600,000 in Lease Revenue Bonds (2001A) at an interest rate of 4.71 percent with a final maturity date on March 1, 2006. The bonds were issued for the purpose of constructing a fire station.

Sales Tax Revenue Bonds

Sales Tax Revenue Bonds are special limited obligations of the City that are backed by the sales and use taxes levied by the City under the Local Sales and Use Tax Act.

On February 15, 2002, the City issued \$10,180,000 in Sales Tax Revenue Bonds (series 2002) at rates from 3.00 to 5.25 percent with a final maturity date of September 15, 2016. The bonds were issued to finance the costs associated with acquiring, constructing and equipping certain storm drain improvements and paying the costs of issuing the bonds. The bonds maturing on or prior to September 15, 2011 are not subject to redemption prior to maturity, while those maturing on or after September 15, 2012 are subject to redemption at the election of the City on March 15, 2012 and on any date thereafter. The redemption price is equal to 100% of the principal amount plus accrued interest.

On July 1, 2002, the City issued \$4,550,000 in Sales Tax Revenue Bonds (series 2002B) at rates from 3.00 to 4.50 percent with a final maturity date of September 15, 2014. The bonds were issued to finance costs associated with acquiring, constructing and equipping a golf course (River Oaks) and park improvements, and paying the costs of issuing the bonds. The bonds maturing on or prior to September 15, 2012 are not subject to redemption prior to maturity, while those maturing on or after September 15, 2012 are subject to redemption at the election of the City on September 15, 2012 and on any date thereafter. The redemption price is equal to 100% of the principal amount plus accrued interest.

On August 15, 2003, the City issued \$7,225,000 in Sales Tax Revenue Bonds (series 2003) at rates from 1.75 to 4.60 percent with a final maturity date of September 15, 2023. The bonds were issued to finance the costs associated with (1) the acquisition of a justice court building, (2) the refunding of the 1996 Motor Fuel Excise Tax Revenue bonds and the 1994B \$2,325,000 Lease Revenue bonds and (3) paying the costs of issuing the bonds. The bonds maturing on or before September 15, 2013, are not subject to optional redemption prior to maturity, while those maturing on or after September 15, 2014 are subject to redemption at the election of the City. The redemption price is equal to 100 percent of the principal amount plus accrued interest.

Notes Payable

On June 6, 1996, the City issued a \$2,515,000 note, guaranteed by HUD, for the creation of a Senior Citizen's Center on 9310 South 1300 East. Interest on the note payable is at a variable rate. For the purpose of estimating debt service requirements, interest rates between 5.870 and 7.030 percent have been derived. The date of maturity on the note payable is August 1, 2014.

Compensated Absences

It is the City's policy to permit employees to accumulate earned vacation benefits. All vacation pay is accrued when incurred in the government-wide funds financial statements. The liability for these amounts is funded in the

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Payroll Management Fund, an internal service fund, for proprietary funds and governmental funds if they have matured.

Defeasance of Debt

During fiscal year 1994, the City issued \$8,890,000 in water refunding bonds with an average interest rate of 4.90 percent. Such bonds were issued to advance refund \$7,690,000 of the \$11,055,000 outstanding 1990 series bonds. At June 30, 2004, the outstanding balance of bonds which were considered extinguished was \$7,690,000. The reacquisition price exceeded the net carrying amount of the old debt by \$970,394. This amount is being netted against the new debt and amortized over the new debt's life, which is the same as the life of the refunded debt.

During fiscal year 1996, the City issued \$6,250,000 in General Obligation Refunding Bonds. Such bonds were issued to advance refund \$5,585,000 of the \$7,815,000 outstanding 1991 Series Bonds. At June 30, 2004, the balance of those bonds which were considered extinguished was \$4,745,000.

During fiscal year 2004, the City issued \$7,225,000 in Sales Tax Revenue and Refunding Bonds. \$3,160,000 of the proceeds were used to advance refund \$1,080,000 of the outstanding 1994B Lease Revenue Bonds and \$3,410,000 of the 1996 Motor Fuel Excise Tax Revenue Bonds. At June 30, 2004, the balance of bonds which were considered extinguished was \$3,160,000. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the refunding total \$212,614. The economic gain (difference between the present values of the old and new debt service payments) resulting from this transaction is \$46,015.

During fiscal year 2004, the City issued \$9,965,000 in Water Revenue and Refunding Bonds. \$3,890,000 of the proceeds were used to advance refund \$5,975,000 of the outstanding 1993A Water Revenue Refunding Bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$349,924. This amount is being netted against the new debt and amortized over the new debt's life, which is the same as the life of the refunded debt. As of June 30, 2004, the balance of bonds which were considered extinguished was \$3,890,000. The City reduced its aggregate debt service payments by \$432,774 over the next 7 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$381,898.

Note 13 - Industrial Development Revenue Bonds

The City has issued industrial development revenue bonds for the benefit of various developers to aid in building a commercial base within Sandy City limits. Principal and interest payments of such industrial development revenue bonds are to be made entirely by the various developers. The City will not become liable for these bonds even if developers can no longer make the payments. Consequently, the following bonds and their related interest are not shown as a liability in the accompanying financial statements:

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Description of Industrial Revenue Bonds Issued	Year Issued	Maturity Date	Original Amount	Total Retired	Outstanding at 6/30/04
Boyer 106 th S. Associates Project	1985	12/01/06	\$ 4,000,000	\$ 1,890,000	\$ 1,520,000
DREE Project	1985	11/15/10	8,770,000	2,845,000	5,005,000
South Towne Hotel Associates Project	1985	11/20/10	9,350,000	3,305,000	5,075,000
H. Shirl Wright Project	1986	12/15/16	9,000,000	4,100,000	4,900,000
Total Industrial Revenue Bonds Issued for Developers			\$ 31,120,000	\$12,140,000	\$ 16,500,000

Note 14 - Pension Plans

Plan Description

The State of Utah requires all agencies with public employees to contribute to Utah State Retirement Systems (USRS). Based upon the type of public employee and their retirement elections, the City contributes to various plans within the USRS: the Local Governmental Contributory Retirement System, the Local Governmental Non-Contributory Retirement System, the Public Safety Retirement System for employers without Social Security coverage, the Firefighters Retirement System which is for employers without Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the USRS. USRS provide retirement benefits, annual cost of living adjustments, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended which also establishes the Utah State Retirement Office. Chapter 49 places the Systems, the Office and related plan and programs under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the systems and plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Funding Policy

Plan members in the Local Government Contributory Retirement System are required to contribute based upon participating employees' annual salaries. The contribution rates in effect from July 1, 2003 through June 30, 2004 are as follows:

	Employee Paid	Employee Contributions Paid by City (100% Vested)	City's Matching Contributions	Total Contribution
Local Government Contributory Retirement System	N/A	6.00 %	5.61 %	11.61 %
Local Government Non-Contributory Retirement System	N/A	N/A	9.62	9.62
Public Safety Retirement System for employers Without Social Security coverage	2.02 %	8.48	9.47	19.97
Firefighters' Retirement System for employers Without Social Security coverage	N/A	7.83	N/A	7.83

The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Trend Information

The following contributions have been made in the past three years and were equal to the required contributions for each fiscal year ending on June 30th:

	2002	2003	2004
Local Governmental Contributory Retirement System	\$ 119,035	\$ 114,081	\$ 115,531
Local Governmental Non-Contributory Retirement System	685,151	796,342	929,319
Public Safety Retirement System for employers without Social Security coverage	774,410	839,701	945,469
Firefighters Retirement System for employers without Social Security coverage	276,482	274,157	267,492
Total	\$1,855,078	\$ 2,024,281	\$ 2,257,811

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 15 - Deferred Compensation Plans

The City offers its employees a 457 deferred compensation plan and 401(K) defined contribution tax-sheltered annuity plan.

Both plans are provided for within the Internal Revenue Code. The plans, assets, and associated liabilities are administered by external agencies: ICMA Retirement Corporation and Utah State Retirement Systems (USRS). The plans, available to all City employees, permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All ownership and associated interest of the plan is held solely for the benefit of the employees. As a result, the City does not carry the assets or associated liabilities in the City's financial statements.

The City contributes to a 401(K) plan for and on behalf of its public employees, elected and appointed officials, City Council members, temporary, and seasonal employees. The City Council authorizes a percentage based upon an employees base wage to be contributed into deferred compensation plans: 17.95% for full-time employees, 8.05% for council members, and 7.50% for temporary and seasonal employees. As noted previously, the USRS deferred compensation rate is actuarially determined by the State depending upon the employee classification. The required contribution rates to the 401(K) plan equals the City Council authorized amount less the USRS mandated rate and are as follows: Public Employees covered under the Non-Contributory State Retirement 6.86%, Public Employees covered under the Contributory State Retirement 4.87%, Elected/Appointed Officials 17.95%, Firefighters 10.12%, Temporary/Part-time 7.5%, and City Council members 8.05%. Because the deferred compensation rate for the Public Safety Retirement System exceeds 17.95%, the City does not pay into the 401(k) plan for police officers. The required contribution rate to the 457 plan on behalf of temporary and seasonal employees is 7.5%. The City's total contributions were \$1,754,857 which is 8.6% of the \$20,510,456 in total payroll for covered employees for the year ended June 30, 2004. The City's and employee's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. In addition, all employees are eligible to participate in an elective deferral plan which permits them to defer a portion of their salary until future years. The total contributions made by the employees were \$639,357 for the year ended June 30, 2004. At June 30, 2004 the City has made all payments to the plan administrator to satisfy this funding requirement.

Note 16 - Post Employment Benefits

The City allows terminated or retired employees to continue their health insurance benefits for a period of 18 months after the employee's termination or retirement date. The City will pay up to two months of these premiums for an employee and their plan dependents in the event that (1) a current full or part time employee dies, or (2) a full or part time employee is approved for disability due to their diagnosis as terminally ill. All other terminated or retired employees are required to pay the full cost of such extended health insurance coverage. As of June 30, 2004, 11 employees had elected to participate in this post-employment benefit program. The administrative costs to the City of such benefits were not significant for the year ended June 30, 2004.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 17 - Vacation and Sick Leave

The City permits employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements.

Employees can accrue vacation days at various rates depending upon length of service. There are no requirements that vacation leave be taken, but the maximum permissible accumulation is 320 hours except for firemen who can accumulate 480 hours. At termination, employees are paid for any unused accumulated vacation leave.

The Payroll Management Fund, an internal service fund, contains the City's entire compensated absences liability except for the long-term liability portion of the General Fund. The long-term liability portion in the General Fund is considered to be any amount in excess of what an employee can accrue in one year. As of June 30, 2004, this unfunded amount is \$908,325.

Employees earn sick leave at the rate of 12 days per year. Unused sick leave may be carried forward to subsequent years until a maximum of 480 hours is accumulated.

Note 18 - Commitments and Contingencies

The City is a defendant in various claims and suits arising from the ordinary course of business. The City's legal counsel believes that it has meritorious defenses and that any liability resulting from these matters would not be material. Accordingly, no provision for loss related to litigation has been made in the accompanying financial statements.

Commitments for major construction and capital improvements projects totaled \$3,267,235 at June 30, 2003.

Note 19 - Transfers In/Out

During the course of normal operations, the City has transfers between the various funds. The principal purpose of the City's interfund transfers is debt service. However, during fiscal year 2004, the Capital Projects Fund transferred \$54,746 of one-time general revenues to the General Fund. Transfers in and out for the year ended June 30, 2004 are summarized as follows:

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Transfers Out From :						
	<u>General</u>	<u>Redevelopment Agency</u>	<u>Community Development</u>	<u>Capital Projects</u>	<u>Storm Water Utilities</u>	<u>Total Transfers In</u>
Transfers in to the following funds:						
General	\$ -0-	\$ -0-	\$ -0-	\$ 54,746	\$ -0-	\$ 54,746
Community Arts	303,099	-0-	-0-	-0-	-0-	303,099
Amphitheater	107,800	-0-	-0-	-0-	-0-	107,800
Recreation	217,861	-0-	-0-	-0-	-0-	217,861
Electric Utilities	549,654	-0-	-0-	-0-	-0-	549,654
Debt Service	1,385,985	2,055,314	234,836	323,407	947,709	4,947,250
Capital Projects	2,221,413	-0-	-0-	65,000	-0-	2,286,413
Golf	-0-	150,000	-0-	-0-	-0-	150,000
Total Transfers Out	\$ 4,785,812	\$ 2,205,314	\$ 234,836	\$ 443,153	\$ 947,709	\$ 8,616,823

Note 20 - General Fund Administrative Charges

The General Fund charges certain special revenue funds and proprietary funds for various services. These transactions have been recorded as revenue and expenses or expenditures to the funds as if they involved organizations external to the City. The amounts charged to those funds during fiscal year 2004 are as follows:

	<u>General Government</u>	<u>Public Works Administration</u>	<u>Total</u>
Special Revenue Funds:			
Redevelopment Agency	\$ 47,162	\$ 1,202	\$ 48,364
Storm Water Utilities	105,568	-0-	105,568
Enterprise Funds:			
Alta Canyon Sports Center	55,596	-0-	55,596
Water	540,381	-0-	540,381
Waste Collection	160,432	19,060	179,492
Golf	33,275	-0-	33,275
Internal Service Funds:			
Fleet Operations Fund	100,261	26,671	126,932
Information Services Fund	<u>61,885</u>	<u>178</u>	<u>62,063</u>
Total	<u>\$1,104,560</u>	<u>\$ 47,111</u>	<u>\$ 1,151,671</u>

Note 21 - Risk Management

The City is exposed to various risks of loss including torts; workers compensation claims; theft of, damage to or destruction of assets; errors and omissions; and natural disasters. Insurance coverages for these risks were provided by several commercial insurance carriers. The general liability policy has a \$1,000,000 self insured retention with a

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

\$7,000,000 limit per occurrence. Workers compensation claims are covered by the Workers Compensation Fund. The City commercially insures real property and also insures fleet equipment with individual values in excess of \$40,000 and self-insures all other fleet equipment. For the last 3 years, claim settlements have not exceeded insurance coverage.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been Incurred But Not Reported (IBNR). The liability for claims and judgements is reported in the Insurance & Risk Management Fund and has been expensed in the current period. Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended <u>June 30, 2004</u>	Year Ended <u>June 30, 2003</u>
Unpaid Claims, Beginning of Fiscal Year	\$792,636	\$ 877,853
Incurred Claims & Changes in Estimates (Including IBNR's)	128,067	177,362
Claims Payments	<u>(364,581)</u>	<u>(262,579)</u>
Unpaid Claims, End of Fiscal Year	<u>\$ 556,122</u>	<u>\$ 792,636</u>

Note 22 - Sandy City Redevelopment Agency

For the year ending June 30, 2004 the following activity occurred in the City's Redevelopment Agency:
Tax increment collected by the Agency for each project area:

South Towne	\$ 1,400,626
Civic Center South	1,180,649
Civic Center North	<u>932,013</u>
	<u>\$ 3,513,288</u>
Tax increment paid to other taxing agencies	\$45,494
Outstanding loans which financed RDA projects	\$15,995,000
Amounts expended for:	
Installation of public utilities or other public improvements	\$723,799
Administrative costs	\$269,228

Note 23 - Related Party Transactions

During the year ended June 30, 2004, the Water Utility Fund (an enterprise fund) paid \$2,760,199 for water purchased from Metropolitan Water District of Salt Lake City and Sandy, which is a related entity of the City.

Note 24 - Subsequent Event Disclosure

The City issued \$16,520,000 in sales tax revenue and refunding bonds dated October 19, 2004 to finance the costs associated with the acquisition, construction and equipping of road improvements, park improvements and other City-owned capital improvements and to refund the 1998C Municipal Building Authority (MBA) lease revenue bonds and the 1999 MBA lease revenue bonds.

Required Supplementary Information

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SANDY CITY

Schedule of Roadway System Condition and Maintenance

Modified Approach for Infrastructure

June 30, 2004

The condition of the road pavement is measured using the Stantec Pavement Management Application (PMA), which is based on a weighted average of nine distress factors found in pavement surfaces (cracking, raveling, chuck holes, patching, edge cracking, rutting/shoving, bleeding, excessive crown, and distortion). The PMA uses a measurement scale based on a condition index ranging from 0 to 10 for pavement in perfect condition. The condition index is used to classify roads in good or better condition (6.5 - 10), fair condition (4.0 - 6.4), and substandard condition (less than 4.0). The City's policy is to maintain at least 80 percent of its street system at a good or better condition and have no more than 10 percent in a substandard condition. Condition assessments are determined every year.

During fiscal year 2004, the City gathered more detailed information on drive approaches and water ways than had been gathered in fiscal year 2003. This allowed the City to more accurately assess the overall concrete condition for each address within Sandy City. For fiscal year 2003, concrete condition, including drive approach and waterway condition, was estimated based on the number of simple concrete hazards at each address without accounting for the severity of each hazard. Therefore, fiscal year 2003 data produced conditions that were artificially worse than they really were. Conversely, accurate field evaluations were made during fiscal year 2004 to determine not only the number, but the severity, of each concrete hazard. This resulted in a significant decrease in substandard condition percentages in fiscal year 2004 over fiscal year 2003. A corresponding increase in good or better condition percentages also occurred.

Condition Rating of the City's Roadway System

	Percentage of Roadway System in Good or Better Condition			Percentage of Roadway System in Substandard Condition		
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Main Arterial	93.0%	91.6%	78.4%	0.3%	0.4%	6.3%
Arterial	91.7%	88.3%	85.3%	0.4%	2.6%	2.8%
Secondary	88.1%	88.1%	87.7%	0.6%	4.7%	4.1%
Overall System	89.7%	88.6%	85.8%	0.5%	3.5%	4.1%

Comparison of Needed to Actual Maintenance/Preservation			
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Main Arterial			
Needed	\$ 3,496,732	\$ 3,369,917	\$ 3,418,650
Actual	3,492,674	3,283,547	2,928,267
Arterial			
Needed	699,346	673,983	683,730
Actual	698,535	656,709	585,653
Secondary			
Needed	799,253	770,267	781,406
Actual	798,325	750,525	669,318
Overall System			
Needed	4,995,332	4,814,167	4,883,786
Actual	4,989,534	4,690,782	4,183,238
Total Overall	<u>\$ (5,798)</u>	<u>\$ (123,385)</u>	<u>\$ (700,548)</u>

SANDY CITY

Storm Water Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Charges for Sales & Services	\$ 2,693,424	\$ 2,693,424	\$ 2,761,143	\$ 67,719
Interest Income	55,000	55,000	73,981	18,981
Total Revenues	2,748,424	2,748,424	2,835,124	86,700
Expenditures:				
Salaries and Benefits	477,688	477,688	427,581	50,107
Materials & Supplies	42,902	110,961	79,639	31,322
Contracted Services	121,570	121,570	98,760	22,810
Internal Charges	427,380	900,431	313,008	587,423
Administrative Charges	105,568	105,568	105,568	-0-
Cost of Goods Sold	763	763	80,808	(80,045)
Capital Outlays	909,085	5,367,883	567,109	4,800,774
Total Expenditures	2,084,956	7,084,864	1,672,473	5,412,391
Excess (Deficiency) of Revenues Over (Under) Expenditures	663,468	(4,336,440)	1,162,651	5,499,091
Other Financing Sources (Uses):				
Fees from Developers	350,000	350,000	210,003	(139,997)
Other Income	-0-	-0-	1,304	1,304
Sale of Capital Assets	3,500	3,500	628	(2,872)
Transfers Out	(948,909)	(948,909)	(947,709)	1,200
Total Other Financing Sources (Uses)	(595,409)	(595,409)	(735,774)	(140,365)
Net Change in Fund Balances	68,059	(4,931,849)	426,877	5,358,726
Beginning Fund Balances	5,971,623	5,971,623	5,971,623	-0-
Ending Fund Balances	\$ 6,039,682	\$ 1,039,774	\$ 6,398,500	\$ 5,358,726

Supplementary Information

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Governmental Funds

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for payment of general long-term debt principal and interest and special assessment levies when the City is obligated in some manner for the payment.

Capital Projects (Capital Improvements) Fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary and special revenue funds. The principal source of funding is contributions from developers restricted for capital construction plus operating transfers from the General Fund.

SANDY CITY**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances****Governmental Funds****For the Year Ended June 30, 2004****With Comparative Totals for 2003**

	General Fund	Storm Water	Debt Service	Capital Projects	Other Governmental Fund	Total Governmental Funds	
						2004	2003
Revenues:							
Taxes:							
General Property Taxes	\$ 7,103,637	\$ -0-	\$ 278,644	\$ -0-	\$ 3,513,289	\$ 10,895,570	\$ 10,544,315
General Sales & Use Taxes	15,161,445	-0-	-0-	-0-	-0-	15,161,445	14,569,744
Franchise Taxes	4,688,366	-0-	-0-	-0-	-0-	4,688,366	4,299,404
Motor Vehicle Fee	881,376	-0-	-0-	-0-	-0-	881,376	918,730
Total Taxes	27,834,824	-0-	278,644	-0-	3,513,289	31,626,757	30,332,193
Special Assessments	-0-	-0-	991,015	-0-	3,200	994,215	395,235
Innkeeper Fees	-0-	-0-	178,730	-0-	-0-	178,730	167,963
Licenses & Permits	1,740,360	-0-	-0-	-0-	-0-	1,740,360	1,685,082
Inter-Governmental Revenue	3,557,151	-0-	-0-	352,901	539,873	4,449,925	3,993,322
Charges for Services	1,623,246	-0-	335,538	100,416	136,333	2,195,533	4,888,376
Administrative Charges	1,151,671	-0-	-0-	-0-	-0-	1,151,671	1,033,484
Fines & Forfeitures	2,500,242	-0-	-0-	161,559	-0-	2,661,801	2,352,612
Cell Tower Lease	-0-	-0-	-0-	138,426	-0-	138,426	131,356
Fees from Developers	-0-	-0-	-0-	204,149	-0-	204,149	595,913
Charges for Sales & Services	-0-	2,761,143	-0-	-0-	618,933	3,380,076	-0-
Interest Income	46,483	73,981	87,937	143,822	57,991	410,214	873,327
Miscellaneous Revenues	29,349	-0-	-0-	37,352	653,827	720,528	850,933
Total Revenues	38,483,326	2,835,124	1,871,864	1,138,625	5,523,446	49,852,385	47,299,796
Expenditures:							
Salaries and Benefits	24,366,487	427,581	-0-	-0-	1,077,148	25,871,216	25,389,309
Materials & Supplies	4,588,939	79,639	-0-	-0-	1,228,810	5,897,388	5,020,883
Contracted Services	1,177,037	98,760	-0-	-0-	636,148	1,911,945	1,583,542
Internal Charges	3,494,446	313,008	-0-	-0-	141,778	3,949,232	3,626,659
Administrative Charges	-0-	105,568	-0-	-0-	48,364	153,932	85,178
Cost of Goods Sold	-0-	80,808	-0-	-0-	527,727	608,535	605,115
Bond Issuance Cost and Trustee Fees	-0-	-0-	139,136	-0-	2,990	142,126	168,631
Capitalized Internal Services	-0-	-0-	-0-	-0-	-0-	-0-	111,494
Capital Outlays	62,372	567,109	18,653	7,126,465	571,907	8,346,506	18,299,620
Principal	-0-	-0-	8,378,000	-0-	-0-	8,378,000	8,808,924
Interest on Long-Term Debt	-0-	-0-	2,578,065	-0-	-0-	2,578,065	2,642,292
Total Expenditures	33,689,281	1,672,473	11,113,854	7,126,465	4,234,872	57,836,945	66,341,647
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,794,045	1,162,651	(9,241,990)	(5,987,840)	1,288,574	(7,984,560)	(19,041,851)
Other Financing Sources (Uses):							
Issuance of Debt	-0-	-0-	3,287,091	4,000,000	-0-	7,287,091	7,557,947
Fees from Developers	-0-	210,003	-0-	-0-	19,048	229,051	-0-
Other Income	-0-	1,304	-0-	-0-	233	1,537	-0-
Sale of Capital Assets	2,021	628	-0-	-0-	-0-	2,649	245,418
Transfers In	54,746	-0-	4,947,250	2,286,413	1,178,414	8,466,823	9,736,065
Transfers Out	(4,785,812)	(947,709)	-0-	(443,152)	(2,440,150)	(8,616,823)	(9,953,203)
Total Other Financing Sources (Uses)	(4,729,045)	(735,774)	8,234,341	5,843,261	(1,242,455)	7,370,328	7,586,227
Net Change in Fund Balances	65,000	426,877	(1,007,649)	(144,579)	46,119	(614,232)	(11,455,624)
Beginning Fund Balances	4,089,891	5,971,623	5,210,972	11,467,898	3,396,231	30,136,615	41,592,239
Ending Fund Balances	\$ 4,154,891	\$ 6,398,500	\$ 4,203,323	\$ 11,323,319	\$ 3,442,350	\$ 29,522,383	\$ 30,136,615

SANDY CITY

Debt Service

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
General Property Taxes	\$ 275,719	\$ 275,719	\$ 278,644	\$ 2,925
Special Assessments	895,803	895,803	991,015	95,212
Innkeeper Fees	190,100	190,100	178,730	(11,370)
Charges for Services	271,452	335,548	335,538	(10)
Interest Income	103,444	107,731	87,937	(19,794)
Total Revenues	1,736,518	1,804,901	1,871,864	66,963
Expenditures:				
Capital Outlays	-0-	18,700	18,653	47
Principal	4,175,877	8,465,877	8,378,000	87,877
Interest on Long-Term Debt	2,444,228	2,587,414	2,578,065	9,349
Bond Issuance Cost and Trustee Fees	22,700	143,985	139,136	4,849
Total Expenditures	6,642,805	11,215,976	11,113,854	102,122
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,906,287)	(9,411,075)	(9,241,990)	169,085
Other Financing Sources (Uses):				
Issuance of Debt	-0-	3,292,091	3,287,091	(5,000)
Transfers In	4,741,672	6,241,978	4,947,250	(1,294,728)
Total Other Financing Sources (Uses)	4,741,672	9,534,069	8,234,341	(1,299,728)
Net Change in Fund Balances	(164,615)	122,994	(1,007,649)	(1,130,643)
Beginning Fund Balances	5,210,972	5,210,972	5,210,972	-0-
Ending Fund Balances	\$ 5,046,357	\$ 5,333,966	\$ 4,203,323	\$ (1,130,643)

SANDY CITY

Capital Projects

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Inter-Governmental Revenue	\$ 300,000	\$ 1,133,000	\$ 352,901	\$ (780,099)
Charges for Services	-0-	100,407	100,416	9
Fines & Forfeitures	124,900	124,900	161,559	36,659
Cell Tower Lease	109,527	109,527	138,426	28,899
Fees from Developers	245,200	245,200	204,149	(41,051)
Interest Income	230,200	230,200	143,822	(86,378)
Miscellaneous Revenues	-0-	-0-	37,352	37,352
Total Revenues	1,009,827	1,943,234	1,138,625	(804,609)
Expenditures:				
Capital Outlays	112,000	546,533	-0-	546,533
Land	30,000	1,752,447	147,970	1,604,477
Buildings	434,500	5,848,321	4,742,368	1,105,953
Roads	922,664	4,661,612	1,726,295	2,935,317
Parks	432,730	3,294,512	396,536	2,897,976
Miscellaneous	100,000	1,091,210	113,296	977,914
Total Expenditures	2,031,894	17,194,635	7,126,465	10,068,170
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,022,067)	(15,251,401)	(5,987,840)	9,263,561
Other Financing Sources (Uses):				
Issuance of Debt	-0-	4,000,000	4,000,000	-0-
Transfers In	396,300	739,849	2,286,413	1,546,564
Transfers Out	(54,746)	(378,153)	(443,152)	(64,999)
Total Other Financing Sources (Uses)	341,554	4,361,696	5,843,261	1,481,565
Net Change in Fund Balances	(680,513)	(10,889,705)	(144,579)	10,745,126
Beginning Fund Balances	11,467,898	11,467,898	11,467,898	-0-
Ending Fund Balances	\$ 10,787,385	\$ 578,193	\$ 11,323,319	\$ 10,745,126

Nonmajor Governmental Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Sandy Redevelopment Agency Fund - This fund is used to account for the tax increment revenues and the tax increment bond proceeds that are legally restricted for expenditures in the Sandy Redevelopment Agency project area.

Landscape Maintenance Fund - This fund is used to account for the service-type special assessments legally restricted for operation and maintenance of streetscapes.

Community Development Fund - This fund is used to account for the revenues received by the City as grantee participant in the Community Development Block Grant program.

Recreation Fund - This fund is used to account for the City's recreation activities.

Community Arts Fund - The City elects to sponsor certain performing arts, programs and special events. This fund is used to account for the revenue and expenditures associated with these events.

Amphitheater - The City arranges for concerts, programs, and special events to be performed within our amphitheater for the enjoyment of our citizens. This fund is used to account for the revenue and expenditures associated with these events.

Electric Utilities Fund - This fund is used to account for the operation of the City's electric utility.

Sandy City Donation Fund - This fund was established to account for individual, private, and intergovernmental contributions held in trust by the City.

SANDY CITY**Combining Balance Sheet****Nonmajor Governmental Funds****June 30, 2004****With Comparative Totals for 2003**

	Combined RDA	Landscape Maintenance	CDBG	Recreation Fund	Community Arts
<u>ASSETS</u>					
Current Assets:					
Cash and Cash Equivalents	\$ 1,253,835	\$ 231,309	\$ -0-	\$ 179,274	\$ 57,846
Receivables	-0-	-0-	-0-	-0-	-0-
Due from other Govt. Units	67,750	-0-	7,261	-0-	-0-
Due From Other Funds	3,105	-0-	-0-	-0-	-0-
Prepaid Assets	-0-	-0-	-0-	-0-	-0-
Total Assets	1,324,690	231,309	7,261	179,274	57,846
<u>LIABILITIES:</u>					
Current Liabilities:					
Accounts Payable	241,093	-0-	1,394	7,633	2,224
Salaries & Benefits Payable	18,677	-0-	2,762	14,114	4,470
Due to Other Govt. Units	-0-	-0-	-0-	71	-0-
Due to Other Funds	-0-	-0-	3,105	-0-	-0-
Deferred Revenue	-0-	-0-	-0-	-0-	-0-
Deposits	-0-	-0-	-0-	-0-	50
Total Liabilities	259,770	-0-	7,261	21,818	6,744
Unreserved Fund Balances	1,064,920	231,309	-0-	157,456	51,102
Total Liabilities and Fund Balance	\$ 1,324,690	\$ 231,309	\$ 7,261	\$ 179,274	\$ 57,846

	Amphitheater	Electric Utilities	Sandy City Donations	TOTALS	
				2004	2003
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 137,210	\$ 1,358,193	\$ 521,772	\$ 3,739,439	\$ 3,395,979
Receivables	-0-	8,417	-0-	8,417	10,473
Due from other Govt. Units	-0-	-0-	11,400	86,411	155,292
Due From Other Funds	-0-	-0-	-0-	3,105	63,473
Prepaid Assets	-0-	-0-	-0-	-0-	10,487
Total Assets	137,210	1,366,610	533,172	3,837,372	3,635,704
LIABILITIES:					
Current Liabilities:					
Accounts Payable	18,302	56,024	8,993	335,663	132,243
Salaries & Benefits Payable	5,353	5,298	-0-	50,674	34,275
Due to Other Govt. Units	-0-	-0-	3,476	3,547	158
Due to Other Funds	-0-	-0-	-0-	3,105	63,473
Deferred Revenue	159	-0-	-0-	159	7,500
Deposits	-0-	1,824	-0-	1,874	1,824
Total Liabilities	23,814	63,146	12,469	395,022	239,473
Unreserved Fund Balances	113,396	1,303,464	520,703	3,442,350	3,396,231
Total Liabilities and Fund Balance	\$ 137,210	\$ 1,366,610	\$ 533,172	\$ 3,837,372	\$ 3,635,704

SANDY CITY

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

Nonmajor Governmental Funds

For the Years Ended June 30, 2004 and 2003

	RDA	Landscape Maintenance	CDBG	Recreation	Community Arts
Revenues:					
Taxes	\$ 3,513,289	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Special Assessments	-0-	3,200	-0-	-0-	-0-
Inter-Governmental Revenue	-0-	-0-	539,873	-0-	-0-
Charges for Services	1,750	-0-	-0-	542,490	-0-
Fees from Developers	-0-	-0-	-0-	-0-	-0-
Charges for Sales & Services	-0-	-0-	-0-	-0-	-0-
Interest Income	21,650	4,394	-0-	2,030	2,314
Miscellaneous Revenues	-0-	-0-	-0-	-0-	16,832
Total Revenues	3,536,689	7,594	539,873	544,520	19,146
Expenditures:					
General Government	-0-	-0-	-0-	-0-	-0-
Police & Animal Control	-0-	-0-	-0-	-0-	-0-
Fire	-0-	-0-	-0-	-0-	-0-
Public Works	-0-	-0-	-0-	-0-	-0-
Parks, Landscapes and Cemetery	-0-	100,404	-0-	-0-	-0-
Community Development	-0-	-0-	201,984	-0-	-0-
Economic Development	1,033,553	-0-	-0-	-0-	-0-
Recreation and Cultural Events	-0-	-0-	-0-	701,268	317,525
Electric Utility	-0-	-0-	-0-	-0-	-0-
Electric Utility	-0-	-0-	-0-	-0-	-0-
Other Capital Outlays	215,497	-0-	103,053	-0-	-0-
Total Expenditures	1,249,050	100,404	305,037	701,268	317,525
Income Before Contributions and Transfers	2,287,639	(92,810)	234,836	(156,748)	(298,379)
Other Financing Sources (Uses):					
Transfers In	-0-	-0-	-0-	217,861	303,099
Transfers Out	(2,205,314)	-0-	(234,836)	-0-	-0-
Total Other Financing Sources (Uses)	(2,205,314)	-0-	(234,836)	217,861	303,099
Net Change in Fund Balances	82,325	(92,810)	-0-	61,113	4,720
Beginning Fund Balances	982,595	324,119	-0-	96,343	46,382
Ending Fund Balances	\$ 1,064,920	\$ 231,309	\$ -0-	\$ 157,456	\$ 51,102

		Electric	Sandy City	Total Non-Major Governmental Funds	
	Amphitheater	Utilities	Donations	2004	2003
Revenues:					
Taxes	\$ -0-	\$ -0-	\$ -0-	\$ 3,513,289	\$ 3,500,288
Special Assessments	-0-	-0-	-0-	3,200	6,398
Inter-Governmental Revenue	-0-	-0-	-0-	539,873	553,358
Charges for Services	136,333	-0-	-0-	680,573	662,052
Fees from Developers	-0-	19,048	-0-	19,048	3,500
Charges for Sales & Services	-0-	74,693	-0-	74,693	-0-
Interest Income	946	19,300	7,357	57,991	122,806
Miscellaneous Revenues	133,349	233	503,646	654,060	472,702
Total Revenues	270,628	113,274	511,003	5,542,727	5,321,104
Expenditures:					
General Government	-0-	-0-	42,598	42,598	138,741
Police & Animal Control	-0-	-0-	371,412	371,412	189,284
Fire	-0-	-0-	71,671	71,671	35,053
Public Works	-0-	-0-	480	480	1,090
Parks, Landscapes and Cemetery	-0-	-0-	-0-	100,404	44,063
Community Development	-0-	-0-	5,645	207,629	245,321
Economic Development	-0-	-0-	-0-	1,033,553	894,759
Recreation and Cultural Events	308,156	-0-	2,298	1,329,247	1,478,515
Electric Utility	-0-	591,767	-0-	591,767	491,681
Electric Utility	-0-	167,561	-0-	167,561	351,383
Other Capital Outlays	-0-	-0-	-0-	318,550	613,442
Total Expenditures	308,156	759,328	494,104	4,234,872	4,483,332
Income Before Contributions and Transfers	(37,528)	(646,054)	16,899	1,307,855	837,772
Other Financing Sources (Uses):					
Transfers In	107,800	549,654	-0-	1,178,414	1,205,028
Transfers Out	-0-	-0-	-0-	(2,440,150)	(3,509,749)
Total Other Financing Sources (Uses)	107,800	549,654	-0-	(1,261,736)	(2,304,721)
Net Change in Fund Balances	70,272	(96,400)	16,899	46,119	(1,466,949)
Beginning Fund Balances	43,124	1,399,864	503,804	3,396,231	4,863,180
Ending Fund Balances	\$ 113,396	\$ 1,303,464	\$ 520,703	\$ 3,442,350	\$ 3,396,231

SANDY CITY**Redevelopment Agency (RDA)****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual****For the Year Ended June 30, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
General Property Taxes	\$ 5,773,670	\$ 5,773,670	\$ 3,513,289	\$ (2,260,381)
Charges for Sales & Services	-0-	-0-	1,750	1,750
Interest Income	-0-	-0-	21,650	21,650
Total Revenues	5,773,670	5,773,670	3,536,689	(2,236,981)
Expenditures:				
Salaries and Benefits	243,974	243,974	248,799	(4,825)
Materials & Supplies	40,852	40,852	301,119	(260,267)
Contracted Services	287,500	287,500	418,568	(131,068)
Internal Charges	13,715	13,715	13,713	2
Administrative Charges	48,364	48,364	48,364	-0-
Bond Issuance Cost and Trustee Fees	3,000	3,000	2,990	10
Capital Outlays	3,693,523	3,703,982	215,497	3,488,485
Total Expenditures	4,330,928	4,341,387	1,249,050	3,092,337
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,442,742	1,432,283	2,287,639	855,356
Other Financing Sources (Uses):				
Transfers Out	(2,057,654)	(2,152,195)	(2,205,314)	(53,119)
Net Change in Fund Balances	(614,912)	(719,912)	82,325	802,237
Beginning Fund Balances	982,595	982,595	982,595	-0-
Ending Fund Balances	\$ 367,683	\$ 262,683	\$ 1,064,920	\$ 802,237

SANDY CITY

Landscape Maintenance

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 12,155	\$ 12,155	\$ 3,200	\$ (8,955)
Interest Income	1,137	1,137	4,394	3,257
Total Revenues	13,292	13,292	7,594	(5,698)
Expenditures:				
Capital Outlays	12,155	336,227	-0-	336,227
Total Expenditures	12,155	336,227	100,404	235,823
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,137	(322,935)	(92,810)	230,125
Beginning Fund Balances	324,119	324,119	324,119	-0-
Ending Fund Balances	\$ 325,256	\$ 1,184	\$ 231,309	\$ 230,125

SANDY CITY

Community Development Block Grant (CDBG)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Inter-Governmental Revenue	\$ 490,000	\$ 490,000	\$ 539,873	\$ 49,873
Expenditures:				
Salaries and Benefits	71,784	71,784	76,034	(4,250)
Materials & Supplies	118,534	161,295	119,418	41,877
Internal Charges	6,532	6,532	6,532	-0-
Capital Outlays	55,814	268,846	103,053	165,793
Total Expenditures	252,664	508,457	305,037	203,420
Excess (Deficiency) of Revenues Over (Under) Expenditures	237,336	(18,457)	234,836	253,293
Other Financing Sources (Uses):				
Transfers Out	(234,836)	(234,836)	(234,836)	-0-
Net Change in Fund Balances	2,500	(253,293)	-0-	253,293
Beginning Fund Balances	-0-	-0-	-0-	-0-
Ending Fund Balances	\$ 2,500	\$ (253,293)	\$ -0-	\$ 253,293

SANDY CITY

Recreation

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Charges for Sales & Services	\$ 606,520	\$ 606,520	\$ 542,490	\$ (64,030)
Interest Income	6,500	6,500	2,030	(4,470)
Total Revenues	613,020	613,020	544,520	(68,500)
Expenditures:				
Salaries and Benefits	392,713	391,713	376,372	15,341
Materials & Supplies	41,523	38,563	31,046	7,517
Contracted Services	550	550	1,712	(1,162)
Internal Charges	24,307	23,821	23,822	(1)
Cost of Goods Sold	373,405	373,405	268,316	105,089
Total Expenditures	832,498	828,052	701,268	126,784
Excess (Deficiency) of Revenues Over (Under) Expenditures	(219,478)	(215,032)	(156,748)	58,284
Other Financing Sources (Uses):				
Transfers In	222,307	217,861	217,861	-0-
Net Change in Fund Balances	2,829	2,829	61,113	58,284
Beginning Fund Balances	96,343	96,343	96,343	-0-
Ending Fund Balances	\$ 99,172	\$ 99,172	\$ 157,456	\$ 58,284

SANDY CITY**Community Arts****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual****For the Year Ended June 30, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Interest Income	\$ 3,500	\$ 3,500	\$ 2,314	\$ (1,186)
Miscellaneous Revenues	12,500	12,500	16,832	4,332
Total Revenues	16,000	16,000	19,146	3,146
Expenditures:				
Salaries and Benefits	152,369	152,369	155,421	(3,052)
Materials & Supplies	160,711	158,270	150,144	8,126
Internal Charges	12,205	11,960	11,960	-0-
Total Expenditures	325,285	322,599	317,525	5,074
Excess (Deficiency) of Revenues Over (Under) Expenditures	(309,285)	(306,599)	(298,379)	8,220
Other Financing Sources (Uses):				
Transfers In	309,285	303,099	303,099	-0-
Net Change in Fund Balances	-0-	(3,500)	4,720	8,220
Beginning Fund Balances	46,382	46,382	46,382	-0-
Ending Fund Balances	\$ 46,382	\$ 42,882	\$ 51,102	\$ 8,220

SANDY CITY**Amphitheater****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual****For the Year Ended June 30, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Charges for Services	\$ 137,000	\$ 137,000	\$ 136,333	\$ (667)
Miscellaneous Revenues	82,000	88,400	133,349	44,949
Total Revenues	219,000	225,400	270,628	45,228
Expenditures:				
Salaries and Benefits	31,915	36,135	44,404	(8,269)
Materials & Supplies	42,415	43,415	45,928	(2,513)
Contracted Services	250,161	254,391	215,364	39,027
Internal Charges	2,509	2,459	2,460	(1)
Bond Issuance Cost and Trustee Fees	2,000	2,000	-0-	2,000
Total Expenditures	329,000	338,400	308,156	30,244
Income Before Contributions and Transfers	(110,000)	(113,000)	(37,528)	75,472
Other Financing Sources (Uses):				
Transfers In	110,000	113,000	107,800	(5,200)
Net Change in Fund Balances	-0-	-0-	70,272	70,272
Beginning Fund Balances	43,124	43,124	43,124	-0-
Ending Fund Balances	\$ 43,124	\$ 43,124	\$ 113,396	\$ 70,272

SANDY CITY**Electric Utilities****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual****For the Year Ended June 30, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Charges for Sales & Services	\$ 60,000	\$ 60,000	\$ 74,693	\$ 14,693
Interest Income	-0-	-0-	19,300	19,300
Total Revenues	60,000	60,000	93,993	33,993
Expenditures:				
Salaries and Benefits	144,654	144,654	141,208	3,446
Materials & Supplies	428,407	414,874	320,864	94,010
Contracted Services	15,420	15,420	504	14,916
Internal Charges	7,866	83,075	83,291	(216)
Cost of Goods Sold	-0-	-0-	45,900	(45,900)
Capital Outlays	24,381	1,266,658	167,561	1,099,097
Total Expenditures	620,728	1,924,681	759,328	1,165,353
Excess (Deficiency) of Revenues Over (Under) Expenditures	(560,728)	(1,864,681)	(665,335)	1,199,346
Other Financing Sources (Uses):				
Fees from Developers	-0-	-0-	19,048	19,048
Transfers In	560,728	549,654	549,654	-0-
Total Other Financing Sources (Uses)	560,728	549,654	568,935	19,281
Net Change in Fund Balances	-0-	(1,315,027)	(96,400)	1,218,627
Beginning Fund Balances	1,399,864	1,399,864	1,399,864	-0-
Ending Fund Balances	\$ 1,399,864	\$ 84,837	\$ 1,303,464	\$ 1,218,627

SANDY CITY

Sandy City Donations

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest Income	\$ 7,000	\$ 7,000	\$ 7,357	\$ 357
Miscellaneous Revenues	400,000	928,029	503,646	(424,383)
Total Revenues	407,000	935,029	511,003	(424,026)
Expenditures:				
Salaries and Benefits	-0-	-0-	34,910	(34,910)
Materials & Supplies	-0-	-0-	159,887	(159,887)
Cost of Goods Sold	400,000	560,400	213,511	346,889
Capital Outlays	7,000	374,629	85,796	288,833
Total Expenditures	407,000	935,029	494,104	440,925
Income Before Contributions and Transfers	-0-	-0-	16,899	16,899
Other Financing Sources (Uses):				
Net Change in Fund Balances	-0-	-0-	16,899	16,899
Beginning Fund Balances	503,804	503,804	503,804	-0-
Ending Fund Balances	\$ 503,804	\$ 503,804	\$ 520,703	\$ 16,899

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Enterprise Funds

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes.

ALTA Canyon Sports Center - This fund is used to account for the City's recreational center.

Water - This fund is used to account for the operations of the City's Water Utility.

Waste Collection - This fund is used to account for waste collection services provided by an independent contractor.

Golf - This fund is used to account for the City's golf course.

SANDY CITY**Alta Canyon Sports Center****Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual****For the Year Ended June 30, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Operating Revenues:				
Charges for Sales & Services	\$ 528,720	\$ 528,720	\$ 544,578	\$ 15,858
Operating Expenses				
Salaries and Benefits	502,226	502,226	554,006	(51,780)
Materials & Supplies	189,690	210,690	156,164	54,526
Contracted Services	44,800	58,800	49,255	9,545
Internal Charges	18,208	18,208	18,208	-0-
Administrative Charges	55,596	55,596	55,596	-0-
Cost of Goods Sold	57,300	43,300	43,201	99
Depreciation	162,336	162,336	162,336	-0-
Total Operating Expenses	1,030,156	1,051,156	1,038,766	12,390
Operating Income (Loss)	(501,436)	(522,436)	(494,188)	28,248
Nonoperating Revenue (Expenses):				
General Property Taxes	284,100	284,100	292,996	8,896
Motor Vehicle Fee	28,000	28,000	41,551	13,551
Interest Income	1,400	1,400	1,700	300
Cell Tower Lease	24,000	24,000	26,997	2,997
Other Income	1,600	1,600	2,924	1,324
Sale of Capital Assets	-0-	-0-	209	209
Total Nonoperating Revenues (Expenses):	339,100	339,100	366,377	27,277
Change in Net Assets	(162,336)	(183,336)	(127,811)	55,525
Beginning Fund Balances	1,744,996	1,744,996	1,744,996	-0-
Ending Net Assets	\$ 1,582,660	\$ 1,561,660	\$ 1,617,185	\$ 55,525

SANDY CITY

Water

Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Operating Revenues:				
Charges for Sales & Services	\$ 13,849,199	\$ 14,064,829	\$ 13,751,069	\$ (313,760)
Operating Expenses				
Salaries and Benefits	1,665,019	1,665,019	1,678,190	(13,171)
Materials & Supplies	369,753	648,150	464,203	183,947
Contracted Services	527,781	598,481	440,649	157,832
Internal Charges	899,021	1,456,964	584,574	872,390
Administrative Charges	540,381	540,381	540,381	-0-
Cost of Goods Sold	867,666	4,463,632	4,088,257	375,375
Depreciation	2,398,457	2,398,457	2,398,457	-0-
Total Operating Expenses	7,268,078	11,771,084	10,194,711	1,576,373
Operating Income (Loss)	6,581,121	2,293,745	3,556,358	1,262,613
Nonoperating Revenue (Expenses):				
Inter-Governmental Revenue	1,212,500	1,212,500	1,172,856	(39,644)
Interest Income	200,000	200,000	146,845	(53,155)
Cell Tower Lease	138,720	138,720	188,994	50,274
Other Income	315,000	315,000	2,233,346	1,918,346
Other Income	(7,500)	(90,303)	58,365	148,668
Sale of Capital Assets	10,500	10,500	88,694	78,194
Bond Interest Expense	(337,388)	(337,388)	(301,039)	36,349
Total Nonoperating Revenues (Expenses):	1,531,832	1,449,029	3,588,061	2,139,032
Change in Net Assets	8,112,953	3,742,774	7,144,419	3,401,645
Beginning Net Assets	66,615,600	66,615,600	66,615,600	-0-
Ending Net Assets	\$ 74,728,553	\$ 71,554,664	\$ 74,733,173	\$ 3,178,509

SANDY CITY**Waste****Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual****For the Year Ended June 30, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Operating Revenues:				
Charges for Sales & Services	\$ 3,496,691	\$ 3,496,691	\$ 3,510,665	\$ 13,974
Operating Expenses				
Salaries and Benefits	177,622	192,622	193,670	(1,048)
Materials & Supplies	61,329	61,329	59,823	1,506
Internal Charges	19,935	19,935	19,935	-0-
Administrative Charges	179,492	179,492	179,492	-0-
Cost of Goods Sold	3,106,540	3,161,540	3,022,708	138,832
Total Operating Expenses	3,544,918	3,614,918	3,475,628	139,290
Operating Income (Loss)	(48,227)	(118,227)	35,037	153,264
Nonoperating Revenue (Expenses):				
Interest Income	10,000	10,000	9,289	(711)
Other Income	-0-	-0-	235,259	235,259
Total Nonoperating Revenues (Expenses):	10,000	10,000	244,548	234,548
Change in Net Assets	(38,227)	(108,227)	279,585	387,812
Beginning Net Assets	5,406,359	5,406,359	5,406,359	-0-
Ending Net Assets	\$ 5,368,132	\$ 5,298,132	\$ 5,685,944	\$ 387,812

SANDY CITY**Golf****Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual****For the Year Ended June 30, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Operating Revenues:				
Charges for Sales & Services	\$ 1,289,892	\$ 1,289,892	\$ 1,127,817	\$ (162,075)
Operating Expenses				
Salaries and Benefits	477,983	477,983	485,407	(7,424)
Materials & Supplies	178,173	178,173	141,990	36,183
Contracted Services	26,340	26,340	32,627	(6,287)
Internal Charges	173,777	173,777	161,686	12,091
Administrative Charges	33,275	33,275	33,275	-0-
Cost of Goods Sold	86,970	86,970	122,910	(35,940)
Depreciation	15,047	15,047	15,047	-0-
Total Operating Expenses	991,565	991,565	992,942	(1,377)
Operating Income (Loss)	298,327	298,327	134,875	(160,698)
Nonoperating Revenue (Expenses):				
Interest Income	-0-	-0-	1,674	1,674
Other Income (Expense)	-0-	(2,500)	(2,000)	500
Bond Interest Expense	(260,141)	(260,141)	(260,141)	-0-
Total Nonoperating Revenues (Expenses):	(260,141)	(262,641)	(260,467)	2,174
Income Before Contributions and Transfers:	38,186	35,686	(125,592)	(158,524)
Transfers In	-0-	105,000	150,000	45,000
Change in Net Assets	38,186	140,686	24,408	179,583
Beginning Net Assets	435,680	435,680	435,680	-0-
Ending Net Assets	\$ 473,866	\$ 576,366	\$ 460,088	\$ 179,583

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Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Fleet - This fund is used to account for the rental of machinery, equipment, vehicles, and their related costs to other departments.

Information Services - This fund is used to account for the accumulation and allocation of costs associated with the centralized data processing systems.

Risk Management - This fund is used to account for the accumulation and allocation of costs associated with general liability, worker's compensation and risk management functions.

Equipment Management - This fund is used to account for the accumulation and allocation of costs associated with the purchase of equipment for the governmental funds.

Payroll Management - this fund is used to account for the liability associated with the accumulation of employee compensated absences.

SANDY CITY**Combining Statement of Net Assets****Internal Service Funds****June 30, 2004****With Comparative Totals for 2003**

						Totals Internal Services Funds	
	Fleet	Information Services	Risk Management	Equipment Management	Payroll Management	2004	2003
<u>ASSETS</u>							
Current Assets:							
Cash and Cash Equivalents	\$ 2,169,246	\$ 567,290	\$ 3,248,294	\$ 353,875	\$ 1,473,784	\$ 7,812,489	\$ 7,113,868
Receivables	91,983	-0-	347,092	-0-	-0-	439,075	340,458
Inventories	45,084	-0-	-0-	-0-	-0-	45,084	19,336
Total Current Assets	2,306,313	567,290	3,595,386	353,875	1,473,784	8,296,648	7,473,662
Land, Building, Plant, and Equipment	17,913,078	1,849,547	-0-	-0-	-0-	19,762,625	18,656,993
Accumulated Depreciation	(9,797,087)	(1,343,596)	-0-	-0-	-0-	(11,140,683)	(9,921,116)
Total Assets	10,422,304	1,073,241	3,595,386	353,875	1,473,784	16,918,590	16,272,539
<u>LIABILITIES:</u>							
Current Liabilities:							
Accounts Payable	202,560	14,426	45,619	14,970	-0-	277,575	122,204
Salaries & Benefits Payable	24,602	22,112	3,743	-0-	6,695	57,152	46,642
Claims & Judgements Payable	-0-	-0-	556,122	-0-	-0-	556,122	792,636
Deferred Property Tax	-0-	-0-	371,250	-0-	-0-	371,250	365,270
Capital Leases - Current	85,151		-0-	-0-	-0-	85,151	82,887
Total Current Liabilities	312,313	36,538	976,734	14,970	6,695	1,347,250	1,409,639
Noncurrent Liabilities							
Compensated Absences	-0-	-0-	-0-	-0-	1,365,786	1,365,786	1,286,384
Capital Leases	177,262	-0-	-0-	-0-	-0-	177,262	262,413
Total Noncurrent Liabilities:	177,262	-0-	-0-	-0-	1,365,786	1,543,048	1,548,797
Total Liabilities	489,575	36,538	976,734	14,970	1,372,481	2,890,298	2,958,436
<u>NET ASSETS</u>							
Invested In Capital Assets, Net of Related Debt	7,853,578	505,951	-0-	-0-	-0-	8,359,529	8,453,577
Unrestricted	2,079,151	530,752	2,618,652	338,905	101,303	5,668,763	4,860,526
Total Net Assets	\$ 9,932,729	\$ 1,036,703	\$ 2,618,652	\$ 338,905	\$ 101,303	\$ 14,028,292	\$ 13,314,103

SANDY CITY

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Internal Services Fund

For the Year Ended June 30, 2004

With Comparative Totals for the Year Ended 2003

	Fleet	Information Services	Risk Management	Equipment Management	Payroll Management	Totals Internal Services Funds	
						2004	2003
Operating Revenue							
Charges for Sales & Services	\$ 3,084,543	\$ 1,016,582	\$ 1,053,282	\$ 311,037	\$ 307,659	\$ 5,773,103	\$ 5,637,131
Miscellaneous Revenues	-0-	62,114	197,364	-0-	-0-	259,478	100,018
Total Revenues	3,084,543	1,078,696	1,250,646	311,037	307,659	6,032,581	5,737,149
Operating Expenses							
Salaries and Benefits	569,086	501,012	239,761	-0-	308,329	1,618,188	1,764,253
Materials & Supplies	23,980	56,330	10,150	169,817	-0-	260,277	93,470
Contracted Services	13,011	176,397	678,103	-0-	-0-	867,511	1,004,119
Internal Charges	36,274	-0-	7,159	-0-	-0-	43,433	49,143
Administrative Charges	126,932	62,063	-0-	-0-	-0-	188,995	179,996
Cost of Goods Sold	716,495	-0-	-0-	-0-	-0-	716,495	642,783
Capital Outlays	-0-	-0-	-0-	-0-	-0-	-0-	323,199
Depreciation	2,000,876	216,866	-0-	-0-	-0-	2,217,742	1,948,947
Total Operating Expenses	3,486,654	1,012,668	935,173	169,817	308,329	5,912,641	6,005,910
Operating Income/(Loss)	(402,111)	66,028	315,473	141,220	(670)	119,940	(268,761)
Nonoperating Revenues (Expenses):							
General Property Taxes	-0-		370,318	-0-	-0-	370,318	352,067
Interest Income	29,412	6,879	41,839	1,470	19,059	98,659	164,269
Other Income	-0-	-0-	-0-	-0-	-0-	-0-	3,766
Gain/(Loss) on Disposal of Asset	130,282	4,332	-0-	-0-	-0-	134,614	94,848
Bond Interest Expense	(9,342)	-0-	-0-	-0-	-0-	(9,342)	-0-
Total Nonoperating Revenues (Expenses)	150,352	11,211	412,157	1,470	19,059	594,249	614,950
Income Before Contributions and Transfers:	(251,759)	77,239	727,630	142,690	18,389	714,189	346,189
Transfers Out	-0-	-0-	-0-	-0-	-0-	-0-	(117,048)
Change in Net Assets	(251,759)	77,239	727,630	142,690	18,389	714,189	229,141
Net Assets - Beginning	10,184,488	959,464	1,891,022	196,215	82,914	13,314,103	13,084,962
Net Assets - Ending	\$ 9,932,729	\$ 1,036,703	\$ 2,618,652	\$ 338,905	\$ 101,303	\$ 14,028,292	\$ 13,314,103

SANDY CITY

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2004

With Comparative Totals for the Year Ended 2003

	Fleet	Information Services	Risk Management	Equipment Management	Payroll Management	Totals Internal Services Funds	
						2004	2003
Cash Flows from Operating Activities:							
Receipts from Customers	\$ 2,992,560	\$ 1,078,696	\$ 1,244,012	\$ 311,037	\$ 307,659	\$ 5,933,964	\$ 5,396,691
Payments to Suppliers	(811,715)	(301,639)	(891,746)	(178,502)	-0-	(2,183,602)	(2,355,454)
Payments to Employees	(571,090)	(499,364)	(235,590)	-0-	(222,232)	(1,528,276)	(1,661,319)
Net Cash Provided by (Used in) Operating Activities	1,609,755	277,693	116,676	132,535	85,427	2,222,086	1,379,918
Cash Flows from Noncapital Financing Activities:							
Tax Receipts	-0-	-0-	376,298	-0-	-0-	376,298	707,297
Cash Flows from Capital and Related Financing Activities:							
Acquisition of Capital Assets	(2,178,537)	(111,891)	-0-	-0-	-0-	(2,290,428)	(2,441,234)
Principal Paid on Capital Lease	(82,887)	-0-	-0-	-0-	-0-	(82,887)	-0-
Interest Paid on Capital Lease	(9,342)	-0-	-0-	-0-	-0-	(9,342)	-0-
Proceeds from Sale of Fixed Assets	379,902	4,333	-0-	-0-	-0-	384,235	150,917
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,890,864)	(107,558)	-0-	-0-	-0-	(1,998,422)	(1,945,017)
Cash Flows from Investing Activities:							
Interest Income Received	29,412	6,879	41,839	1,470	19,059	98,659	164,269
Net Increase (Decrease) in Cash and Cash Equivalents	(251,697)	177,014	534,813	134,005	104,486	698,621	193,185
Cash and Cash Equivalents:							
Beginning of Year	2,420,943	390,276	2,713,481	219,870	1,369,298	7,113,868	6,920,683
End of Year	\$ 2,169,246	\$ 567,290	\$ 3,248,294	\$ 353,875	\$ 1,473,784	\$ 7,812,489	\$ 7,113,868

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating Income/(Loss)	\$ (402,111)	\$ 66,028	\$ 315,473	\$ 141,220	\$ (670)	\$ 119,940	\$ (268,761)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:							
Depreciation	2,000,876	216,866	-0-	-0-	-0-	2,217,742	1,948,947
Increase (Decrease) Due to Changes in:							
Accounts Receivables	(91,983)	-0-	(6,634)	-0-	-0-	(98,617)	(340,458)
Inventories	(25,748)	-0-	-0-	-0-	-0-	(25,748)	20,982
Prepaid Assets	-0-	-0-	-0-	-0-	-0-	-0-	1,701
Accounts Payable	130,725	(6,849)	(196,334)	(8,685)	-0-	(81,143)	(85,427)
Salaries & Benefits Payable	(2,004)	1,648	4,171	-0-	86,097	89,912	102,934
Net Cash Provided (Used) by Operating Activities	\$ 1,609,755	\$ 277,693	\$ 116,676	\$ 132,535	\$ 85,427	\$ 2,222,086	\$ 1,379,918

SANDY CITY

Fleet

Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Operating Revenues:				
Charges for Sales & Services	\$ 3,141,383	\$ 3,282,127	\$ 3,084,543	\$ (197,584)
Operating Expenses				
Salaries and Benefits	598,848	598,848	569,086	29,762
Materials & Supplies	29,201	29,201	23,980	5,221
Contracted Services	22,000	22,000	13,011	8,989
Internal Charges	36,274	36,274	36,274	-0-
Administrative Charges	126,932	126,932	126,932	-0-
Cost of Goods Sold	713,642	713,642	716,495	(2,853)
Depreciation	2,000,876	2,000,876	2,000,876	-0-
Total Operating Expenses	3,527,773	3,527,773	3,486,654	41,119
Operating Income (Loss)	(386,390)	(245,646)	(402,111)	(156,465)
Nonoperating Revenue (Expenses):				
Interest Income	36,000	36,000	29,412	(6,588)
Sale of Capital Assets	56,000	56,000	130,282	74,282
Capital Lease Interest Expense	-0-	-0-	(9,342)	(9,342)
Total Nonoperating Revenues (Expenses):	92,000	92,000	150,352	58,352
Income Before Contributions and Transfers:	(294,390)	(153,646)	(251,759)	(98,113)
Transfers Out	(92,226)	(92,226)	-0-	92,226
Change in Net Assets	(386,616)	(245,872)	(251,759)	(5,887)
Beginning Net Assets	10,184,488	10,184,488	10,184,488	-0-
Ending Net Assets	\$ 9,797,872	\$ 9,938,616	\$ 9,932,729	\$ (5,887)
Non-Income/(Expense) Line Item				

SANDY CITY**Information Services****Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual****For the Year Ended June 30, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Operating Revenues:				
Charges for Sales & Services	\$ 1,016,076	\$ 988,757	\$ 1,016,582	\$ 27,825
Miscellaneous Revenues	61,817	61,817	62,114	297
Total Operating Revenues	1,077,893	1,050,574	1,078,696	28,122
Operating Expenses				
Salaries and Benefits	496,966	496,966	501,012	(4,046)
Materials & Supplies	237,579	364,070	56,330	307,740
Contracted Services	174,267	170,391	176,397	(6,006)
Administrative Charges	62,063	62,063	62,063	-0-
Depreciation	216,866	216,866	216,866	-0-
Total Operating Expenses	1,187,741	1,310,356	1,012,668	297,688
Operating Income (Loss)	(109,848)	(259,782)	66,028	325,810
Nonoperating Revenue (Expenses):				
Interest Income	13,500	13,500	6,879	(6,621)
Sale of Capital Assets	-0-	-0-	4,332	4,332
Total Nonoperating Revenues (Expenses):	13,500	13,500	11,211	(2,289)
Change in Net Assets	(96,348)	(246,282)	77,239	323,521
Beginning Net Assets	959,464	959,464	959,464	-0-
Ending Net Assets	\$ 863,116	\$ 713,182	\$ 1,036,703	\$ 323,521

SANDY CITY**Risk Management****Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual****For the Year Ended June 30, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Operating Revenues:				
Charges for Sales & Services	\$ 1,055,635	\$ 1,049,968	\$ 1,053,282	\$ 3,314
Miscellaneous Revenues	-0-	-0-	197,364	197,364
Total Operating Revenues	1,055,635	1,049,968	1,250,646	200,678
Operating Expenses				
Salaries and Benefits	233,252	230,583	239,761	(9,178)
Materials & Supplies	15,257	14,457	10,150	4,307
Contracted Services	1,280,952	1,278,900	678,103	600,797
Internal Charges	7,305	7,159	7,159	-0-
Total Operating Expenses	1,536,766	1,531,099	935,173	595,926
Operating Income (Loss)	(481,131)	(481,131)	315,473	796,604
Nonoperating Revenue (Expenses):				
General Property Taxes	365,270	365,270	370,318	5,048
Interest Income	51,161	51,161	41,839	(9,322)
Total Nonoperating Revenues (Expenses):	416,431	416,431	412,157	(4,274)
Change in Net Assets	(64,700)	(64,700)	727,630	792,330
Beginning Net Assets	1,891,022	1,891,022	1,891,022	-0-
Ending Net Assets	\$ 1,826,322	\$ 1,826,322	\$ 2,618,652	\$ 792,330

SANDY CITY**Equipment Management****Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual****For the Year Ended June 30, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Operating Revenues:				
Charges for Sales & Services	\$ -0-	\$ -0-	\$ 311,037	\$ 311,037
Operating Expenses				
Materials & Supplies	-0-	196,215	169,817	26,398
Total Operating Expenses	-0-	196,215	169,817	26,398
Operating Income (Loss)	-0-	(196,215)	141,220	337,435
Nonoperating Revenue (Expenses):				
Interest Income	-0-	-0-	1,470	1,470
Change in Net Assets	-0-	(196,215)	142,690	338,905
Beginning Net Assets	196,215	196,215	196,215	-0-
Ending Net Assets	<u>\$ 196,215</u>	<u>\$ -0-</u>	<u>\$ 338,905</u>	<u>\$ 338,905</u>

SANDY CITY**Payroll Management Fund****Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual****For the Year Ended June 30, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Operating Revenues:				
Charges for Sales & Services	\$ 252,072	\$ 302,072	\$ 307,659	\$ 5,587
Operating Expenses				
Salaries and Benefits	252,072	310,272	308,329	1,943
Operating Income (Loss)	-0-	(8,200)	(670)	7,530
Nonoperating Revenue (Expenses):				
Interest Income	25,000	25,000	19,059	(5,941)
Change in Net Assets	25,000	16,800	18,389	1,589
Beginning Net Assets	82,914	82,914	82,914	-0-
Ending Net Assets	\$ 107,914	\$ 99,714	\$ 101,303	\$ 1,589

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Capital Assets Used In the Operations Of Governmental Funds

SANDY CITY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE¹
For the Years Ended June 30, 2004 and 2003

	2004	2003
Governmental funds capital assets:		
Land	\$ 188,931,711	\$ 187,257,078
Buildings	31,242,636	23,645,894
Improvements other than Buildings	14,042,671	8,486,958
Machinery and Equipment	1,409,289	1,375,208
Autos and Trucks	67,116	67,116
Infrastructure	115,032,631	116,844,988
Street Light Improvements	8,689,159	8,306,100
Storm Drain Improvements	24,990,201	15,918,956
Construction In Progress	1,947,475	16,707,135
Total governmental funds capital assets	<u>\$ 386,352,889</u>	<u>\$ 378,609,433</u>

Investments in governmental funds capital assets by source:

General	\$ 873,434	\$ 852,221
Capital Projects	73,515,663	66,347,365
Infrastructure	276,580,206	276,971,088
Special Revenue	1,565,527	1,246,977
Electric Utilities	8,689,159	8,306,100
Storm Water	24,990,201	24,181,621
Prior Year Investments	138,699	704,061
Total governmental funds capital assets	<u>\$ 386,352,889</u>	<u>\$ 378,609,433</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

SANDY CITY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
June 30, 2004

Function and Activity	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDING	MACHINERY AND EQUIPMENT	AUTOS AND TRUCKS	STREET LIGHT IMPROVEMENTS	STORM WATER IMPROVEMENTS	INFRASTRUCTURE	CONSTRUCTION IN PROGRESS	TOTAL
General Government:										
Mayor	\$ 1,344,044	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,344,044
Administrative Services										
(Including Building Services)	989,875	10,642,533	573,282	307,967	-0-	-0-	-0-	-0-	-0-	12,513,657
Total General Government	2,333,919	10,642,533	573,282	307,967	-0-	-0-	-0-	-0-	-0-	13,857,701
Public Safety:										
Police Department										
(Including Animal Control)	116,857	333,400	91,647	416,408	67,116	-0-	-0-	-0-	-0-	1,025,428
Fire Department	619,613	3,715,477	81,758	364,399	-0-	-0-	-0-	-0-	-0-	4,781,247
Total Public Safety	736,470	4,048,877	173,405	780,807	67,116	-0-	-0-	-0-	-0-	5,806,675
Public Works	169,963,887	6,439,742	1,218,568	215,301	-0-	-0-	-0-	-0-	-0-	177,837,498
Parks and Recreation	15,019,647	9,836,376	12,077,416	46,964	-0-	-0-	-0-	-0-	-0-	36,980,403
Community Development	-0-	275,108	-0-	43,066	-0-	-0-	-0-	-0-	-0-	318,174
Redevelopment Agency	717,131	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	717,131
Storm Water	160,657	-0-	-0-	15,184	-0-	-0-	24,990,201	-0-	-0-	25,166,042
Electric Utilities	-0-	-0-	-0-	-0-	-0-	8,689,159	-0-	-0-	-0-	8,689,159
Streets and Roads	-0-	-0-	-0-	-0-	-0-	-0-	-0-	110,900,549	-0-	110,900,549
Special Improvement Districts	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,132,082	-0-	4,132,082
Construction in Progress	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,947,475	1,947,475
Total governmental funds capital assets	\$ 188,931,711	\$ 31,242,636	\$ 14,042,671	\$ 1,409,289	\$ 67,116	\$ 8,689,159	\$ 24,990,201	\$ 115,032,631	\$ 1,947,475	\$ 386,352,889

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

SANDY CITY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY¹
For the Year Ended June 30, 2004

	GENERAL FIXED ASSETS 06/30/03	ADDITIONS	DEDUCTIONS	GENERAL FIXED ASSETS 6/30/04
General Government:				
Mayor	\$ 1,344,044	\$ -0-	\$ -0-	\$ 1,344,044
Administrative Services (Including Building Services)	12,217,234	382,646	86,223	12,513,657
Total General Government	13,561,278	382,646	86,223	13,857,701
Public Safety:				
Police Department (Including Animal Control)	982,822	42,606	-0-	1,025,428
Fire Department	4,741,876	39,371	-0-	4,781,247
Total Public Safety	5,724,698	81,977	-0-	5,806,675
Public Works	170,390,431	7,509,898	62,831	177,837,498
Parks & Recreation	29,944,699	7,035,704	-0-	36,980,403
Community Development	318,174	-0-	-0-	318,174
Redevelopment Agency	717,131	-0-	-0-	717,131
Storm Water	16,094,797	9,071,245	-0-	25,166,042
Electric Utilities	8,306,100	383,059	-0-	8,689,159
Streets and Roads	112,712,906	1,123,615	2,935,972	110,900,549
Special Improvement Districts	4,132,082	-0-	-0-	4,132,082
Construction in Progress	16,707,135	1,772,537	16,532,197	1,947,475
	<u>\$ 378,609,431</u>	<u>\$27,360,681</u>	<u>\$ 19,617,223</u>	<u>\$ 386,352,889</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

STATISTICAL SECTION

SANDY CITY
GOVERNMENTAL FUNDS EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS

FISCAL YEAR	GENERAL GOVERNMENT (3)	PUBLIC SAFETY	PUBLIC WORKS	CULTURAL, RECREATION, AND PARKS	COMMUNITY DEVELOPMENT	CAPITAL OUTLAY	DEBT SERVICE	TOTAL
1995	\$ 6,351,085	\$ 8,791,865	\$ 3,357,410	\$ 1,592,177	\$ 1,547,693	\$ 7,446,155	\$ 1,585,529	\$ 30,671,914
1996	5,549,568	9,974,410	3,813,011	1,677,171	1,723,209	7,129,439	1,918,197	31,785,005
1997	6,306,893	10,745,591	3,711,521	1,742,548	1,559,936	8,891,427	1,966,948	34,924,864
1998	6,818,145	11,610,820	3,382,383	2,068,876	2,015,563	11,858,633	4,714,810	42,469,230
1999	7,137,140	12,358,552	4,438,244	1,955,862	1,785,779	6,031,432	9,387,286	43,094,295
2000	7,525,681	14,009,283	3,124,693	2,118,019	1,834,495	16,950,329	4,578,605	50,141,105
2001	6,560,569	14,509,321	3,755,793	2,647,486	2,094,392	7,513,701	5,626,164	42,707,426
2002	7,073,798	16,025,672	4,183,238	2,934,331	2,047,383	11,394,416	6,076,447	49,735,285
2003 (2)	8,015,346	17,166,959	6,071,357	3,986,068	2,010,190	17,473,410	11,618,317	66,341,647
2004	8,305,393	17,531,110	6,624,773	3,990,323	2,029,435	8,260,710	11,095,201	57,836,945

Notes:

- (1) Includes General, Special Revenue, Capital Projects, and Debt Service Funds.
- (2) In FY 2003, three enterprise funds (Recreation, Storm Water Utility and Electric Utility Fund) and the Expendable Trust Funds were reclassified as Special Revenue Funds. Additionally, expendable trust funds are now included as special revenue funds. The Recreation Fund is included in Cultural, Recreation, and Parks. Electric and Storm Water Utility is included in Public Works.
- (3) General Government Includes Economic Development

Source: Sandy City Department of Finance

SANDY CITY
GOVERNMENTAL FUNDS REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

FISCAL YEAR	TAXES AND SPECIAL ASSESSMENTS	LICENCES AND PERMITS	INTER- GOVERN- MENTAL	INTERNAL CHARGES FOR SERVICES	FINES AND FORFE- ITURES	INTEREST	MISCEL- LANEOUS	FEES FROM DEVELOPERS	TOTAL
1995	\$ 17,806,023	\$ 1,246,431	\$ 2,721,485	\$ 1,448,872	\$ 842,402	\$ 713,429	\$ 204,765	\$ 841,217	\$25,824,624
1996	19,830,171	1,647,722	2,498,285	1,558,268	1,122,339	594,370	277,667	792,161	28,320,983
1997	22,150,967	1,719,519	3,253,534	1,562,357	1,360,502	866,023	290,501	493,279	31,696,682
1998	23,651,194	2,075,450	4,363,856	1,634,945	1,431,439	1,062,506	290,469	1,234,188	35,744,047
1999	25,726,597	1,825,829	4,330,431	1,645,324	1,342,233	1,159,210	423,589	453,742	36,906,955
2000	27,195,760	1,963,715	5,136,757	1,903,784	1,781,769	1,490,346	522,885	539,163	40,534,179
2001	29,643,271	1,818,123	4,768,033	1,956,973	2,021,941	1,722,796	596,933	247,567	42,775,637
2002	32,494,781	1,690,617	5,409,297	2,172,765	2,305,515	773,524	845,059	624,627	46,316,185
2003 (2)	30,895,391	1,685,082	5,026,806	4,888,376	2,352,612	873,327	850,933	595,913	47,299,796
2004	32,799,702	1,740,360	5,601,596	5,575,609	2,661,801	410,214	859,187	223,197	49,871,666

Notes:

(1) Includes General, Special Revenue, Capital Projects, and Debt Service Funds.

(2) In FY 2003, three enterprise funds (Recreation, Storm Water Utility and Electric Utility Fund) and the Expendable Trust Funds were reclassified as Special Revenue Funds. Additionally, expendable trust funds are now included as special revenue funds. The Recreation Fund is included in Cultural, Recreation, and Parks. Electric and Storm Water Utility is included in Public Works.

Source: Sandy City Department of Finance

SANDY CITY
GENERAL FUND TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>PROPERTY TAX</u>	<u>GENERAL SALES TAX</u>	<u>FRANCHISE TAX</u>	<u>MOTOR VEHICLE FEE</u>	<u>TOTAL</u>
1995	\$ 4,160,823	\$ 8,680,774	\$ 2,985,714	\$ 665,362	\$ 16,492,673
1996	4,438,745	9,930,024	3,005,920	724,178	18,098,867
1997	4,726,068	11,241,249	3,317,575	905,820	20,190,712
1998	4,722,238	11,828,528	3,583,515	859,948	20,994,229
1999	4,865,626	12,966,383	3,483,868	966,216	22,282,093
2000	5,092,701	14,080,123	3,603,078	764,085	23,539,987
2001	5,737,847	14,773,043	4,435,823	721,930	25,668,643
2002	6,746,658	14,740,321	4,501,770	867,215	26,855,964
2003	6,778,104	14,569,744	4,299,404	918,730	26,565,982
2004	7,103,637	15,161,445	4,688,366	881,376	27,834,824

Source: Sandy City Department of Finance

SANDY CITY
PROPERTY TAX ASSESSMENTS, COLLECTIONS AND LEVIES
LAST TEN FISCAL YEARS

ASSESSMENTS AND COLLECTIONS					TAX LEVIES				
FISCAL	ASSESSED	TAXES	CURRENT TAX	PERCENT	GENERAL	DEBT	RISK	OUTSTANDING	
YEAR	VALUATION	ASSESSED	COLLECTIONS	OF LEVY	FUND	SERVICE	MANAGEMENT	TOTAL	DELINQUENT
			(1)	COLLECTED		FUND	FUND		TAXES
1995	\$1,965,774,867	\$4,426,925	\$ 4,257,249	96.2%	0.002149	0.000103	0.000000	0.002252	\$ 298,480
1996	2,637,587,808	4,716,007	4,572,893	97.0%	0.001706	0.000082	0.000000	0.001788	263,906
1997	2,889,456,769	5,079,665	4,898,750	96.4%	0.001678	0.000080	0.000000	0.001758	247,382
1998	3,256,316,583	5,184,056	5,000,019	96.4%	0.001517	0.000075	0.000000	0.001592	259,606
1999	3,409,092,299	5,427,275	5,249,645	96.7%	0.001530	0.000076	0.000000	0.001606	299,743
2000	3,585,929,560	5,673,385	5,444,197	96.0%	0.001537	0.000078	0.000000	0.001615	355,045
2001	3,802,131,432	6,798,211	6,499,879	95.6%	0.001613	0.000075	0.000100	0.001788	429,457
2002	4,037,679,082	7,913,851	7,597,954	96.0%	0.001790	0.000073	0.000097	0.001960	482,940
2003	4,193,973,087	7,947,579	7,617,686	95.8%	0.001730	0.000071	0.000094	0.001895	500,598
2004	4,314,341,270	8,154,105	7,879,733	96.6%	0.001725	0.000071	0.000094	0.001890	441,418

Notes:

(1) Current tax collections column includes amounts remitted to redevelopment agencies.

Source: Sandy City Department of Finance

SANDY CITY
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>ASSESSED VALUE</u>	<u>ESTIMATED ACTUAL VALUE</u>	<u>RATIO OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED ACTUAL VALUE</u>
1995	\$ 1,965,774,867	\$ 2,608,043,531	75%
1996	2,637,587,808	4,157,133,530	63%
1997	2,889,456,769	4,548,513,696	64%
1998	3,256,316,583	5,142,745,684	63%
1999	3,409,092,299	5,317,298,007	64%
2000	3,585,929,560	5,541,482,116	65%
2001	3,802,131,432	5,885,828,378	65%
2002	4,037,679,082	6,161,254,606	66%
2003	4,193,973,087	6,446,408,328	65%
2004	4,314,341,270	6,635,180,654	65%

Notes:

- (1) The State of Utah imposed a uniform 1.7% fee on motor vehicles rather than using a tax rate as prior years.

Source: Salt Lake County Auditor's Office

SANDY CITY
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

(Per \$1 of Assessed Property Value the Following Rates Apply):

FISCAL YEAR	SANDY CITY	SALT LAKE COUNTY (NOTE 1)	JORDAN SCHOOL DISTRICT	SALT LAKE COUNTY LIBRARY	SPECIAL DISTRICTS (NOTE 2)	TOTAL	TOTAL TAX RATE RANGE (NOTE 3)	
							LOW	HIGH
1995	.002252	.004386	.009667	.000778	.002003	.019086	.017849	.020159
1996	.001788	.003831	.007262	.000669	.001645	.015195	.014194	.015861
1997	.001758	.003782	.006392	.000647	.001573	.014152	.013210	.014424
1998	.001592	.003551	.006504	.000608	.001539	.013788	.012917	.014041
1999	.001606	.002805	.006561	.000607	.001267	.012846	.012247	.013107
2000	.001615	.003246	.007582	.000625	.001258	.014326	.013738	.014590
2001	.001788	.002904	.008845	.000583	.001260	.015380	.014761	.015601
2002	.001960	.003025	.008424	.000764	.001390	.015563	.014801	.015822
2003	.001895	.002939	.008344	.000744	.001501	.015423	.014534	.015669
2004	.001890	.002868	.008366	.000747	.001728	.015599	.014499	.016026

Notes:

- (1) Includes General Salt Lake County Charges.
- (2) Includes South Salt Lake County Mosquito District, Salt Lake County Water District, Sandy Suburban Improvement District, and Central Utah Water District. Although other special districts apply to only a portion of the City, these districts apply to the majority of property values within the City.
- (3) Since special districts apply to only a portion of the City, these columns show the total tax rate range. The other special districts not included in Note 2 are Salt Lake Suburban District #2, Cottonwood Sanitary District, Salt Lake County Sewerage District #1, Crescent Cemetery District, and Alta Canyon Recreation Special Service District.

Source: Salt Lake County Auditor

SANDY CITY
TOP TEN PRINCIPAL PROPERTY TAXPAYERS
June 30, 2004

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>2003 ASSESSED PROPERTY VALUATION</u>	<u>PERCENT OF TOTAL ASSESSED VALUATION</u>
Lawrence & Karen Miller	Auto Mall/Business Complex	\$ 99,338,400 (2)	2.30%
Macerich Co.	Real Estate Investment Trust	96,957,900 (2)	2.25%
Pacificorp	Electric Utility	34,353,110 (1)	0.80%
Qwest Communications	Telephone Communications	27,248,786 (1)	0.63%
The Boyer Company	Commercial & Office Development	26,306,400 (2)	0.61%
Smith Food King	Grocery Retail Chain	19,641,000 (2)	0.46%
Mariemont Corp.	Sandy Mall	17,386,400 (2)	0.40%
Security Capital Pacific	Apartment Complex	15,759,822 (2)	0.37%
Magna Investment	Commercial & Office Development	15,560,400 (2)	0.36%
Becton Dickinson & Company	Pharmaceutical Manufacturing	<u>14,164,200 (2)</u>	0.33%
Total		<u>\$ 366,716,418</u>	8.51%

Notes:

(1) Source: Utah State Tax Commission.

(2) Source: Salt Lake County Assessment Records.

SANDY CITY
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>SPECIAL ASSESSMENTS BILLINGS</u>	<u>SPECIAL ASSESSMENTS COLLECTED (1)</u>	<u>RATIO OF COLLECTIONS TO AMOUNT DUE</u>	<u>TOTAL OUTSTANDING ASSESSMENTS</u>
1995	\$ 272,556	\$ 236,537	86.78%	\$ 3,044,216
1996	261,639	419,707	160.41%	2,597,204
1997	278,934	350,992	125.83%	2,410,000
1998	248,249	248,249	100.00%	2,310,000
1999	207,388	207,388	100.00%	2,205,000
2000	244,618	244,618	100.00%	2,095,000
2001	247,139	247,139	100.00%	1,975,000
2002	250,879	250,879	100.00%	1,850,000
2003 (2)	-0-	-0-	100.00%	7,094,000
2004	765,560	991,015	129.45%	6,469,000

Notes:

- (1) Includes prepayments.
- (2) Original Bond was refunded with cash flow savings taken in the first and second year of refunding. Sufficient reserves existed to service debt. As such, no assessment was required as of year end. Additionally, two new SIDs were created with a payment date of December 15, 2003.

Source: Sandy City Department of Finance

SANDY CITY
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2004

Assessed Valuation:	
Primary Residential	\$ 2,814,338,951
All Other	<u>1,500,002,319</u>
Total Assessed Valuation	<u>\$ 4,314,341,270</u>
Reasonable Fair Cash Value	<u>\$ 6,635,180,654</u>

	GENERAL - 4%	WATER AND SEWER - 4%	TOTAL - 8%
Debt Limit - 8% of Reasonable Fair Cash Value (1)	\$ 265,407,226	\$ 265,407,226	\$ 530,814,452
Less Outstanding General Obligation Bonds	<u>4,750,000</u>	<u>-0-</u>	<u>4,750,000</u>
Debt Margin	<u>\$ 260,657,226</u>	<u>\$ 265,407,226</u>	<u>\$ 526,064,452</u>

Notes:

- (1) The general obligation bonded debt of the City is limited by the Utah Constitution (Section 14, Paragraph 4) to 8% of the "reasonable fair cash value" of property. Of this percent, a maximum of 4% may be used for general purposes. The remaining 4% and any unused portion of the 4% available for general purposes up to the maximum 8% may be utilized for water and/or sewer purposes.

Source: Salt Lake County Auditor's Office

SANDY CITY**RATIO OF NET GENERAL OBLIGATION DEBT TO ASSESSED VALUE AND NET GENERAL
OBLIGATION DEBT PER CAPITA
LAST TEN FISCAL YEARS**

FISCAL YEAR	POPULATION	ASSESSED VALUE	GROSS BONDED DEBT (1)	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1995	90,520	\$ 1,965,774,867	\$ 7,815,000	\$ 7,815,000	0.40	\$86
1996	95,509	2,637,587,808	8,095,000	8,095,000	0.31	85
1997	96,678	2,889,456,769	7,755,000	7,755,000	0.27	80
1998	99,761	3,256,316,583	7,395,000	7,395,000	0.23	74
1999	100,822	3,409,092,299	7,015,000	7,015,000	0.21	70
2000	102,033	3,585,929,560	6,615,000	6,615,000	0.18	65
2001	88,419	3,802,131,432	6,190,000	6,190,000	0.16	70
2002	89,745	4,037,679,082	5,735,000	5,735,000	0.14	64
2003	93,500	4,193,973,087	5,255,000	5,255,000	0.13	56
2004	92,685	4,314,341,270	4,750,000	4,750,000	0.11	51

Notes:

(1) Includes All Long-Term General Obligation Debt.

Sources: Sandy City Community Development Department
Sandy City Department of Finance

SANDY CITY
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL OBLIGATION DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL EXPENDITURES(1)</u>	<u>RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES</u>
1995	\$ 250,000	\$ 496,228	\$746,228	\$ 30,671,914	2.4%
1996	385,000	321,606	706,606	31,785,005	2.2%
1997	340,000	408,730	748,730	34,924,864	2.1%
1998	360,000	390,660	750,660	42,469,230	1.8%
1999	380,000	371,048	751,048	43,094,295	1.7%
2000	400,000	349,844	749,844	50,141,105	1.5%
2001	425,000	326,863	751,863	42,707,426	1.8%
2002	455,000	301,808	756,808	49,735,285	1.5%
2003	480,000	277,800	757,800	66,341,647	1.1%
2004	480,000	277,800	757,800	57,836,945	1.3%

Notes:

This schedule includes only debt service for general obligation bonded debt to be paid by general operations of the City rather than from special assessment or enterprise operations.

(1) Includes General, Special Revenue, Capital Projects, and Debt Service Funds.

Source: Sandy City Department of Finance

SANDY CITY
COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT
June 30, 2004

	TOTAL DEBT	ATTRIBUTABLE TO CITY	
		PERCENT	AMOUNT
Direct General Obligation Debt	\$ 4,750,000	100.0 %	\$ 4,750,000
Overlapping Debt:			
State of Utah	1,588,810,000	3.7	58,785,970
CUWCD (1)	58,845,160	6.1	3,589,555
Salt Lake County	120,945,000	8.9	10,764,105
Jordan School District	196,965,000	25.3	49,832,145
Salt Lake County Sewerage District #1	1,060,000	25.0	265,000
Sandy Suburban Improvement District	7,485,000	40.0	2,994,000
Total Overlapping Debt	1,974,110,160		126,230,775
Total Overlapping Debt (Excluding the State)(2)	385,300,160		67,444,805
Total Direct and Overlapping Debt (Excluding the State)	\$ 390,050,160		\$ 72,194,805

Notes:

- (1) Central Utah Water Conservancy District ("CUWCD") outstanding general obligation bonds are limited ad valorem tax bonds. These bonds are the only limited ad valorem tax bonds in the State issued under the Water Conservancy Act. By law CUWCD may levy a tax rate of up to .000400 to pay for operation and maintenance expenses and any outstanding limited ad valorem tax bonds.
- (2) The State's general obligation debt is not included in overlapping debt because the State levies no property tax for payment of general obligation bonds.

Source: Zions Bank Public Finance

SANDY CITY
WATER REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>GROSS REVENUE</u>	<u>DIRECT OPERATING EXPENSES</u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>COVERAGE</u>
1995	\$ 7,313,152	\$ 4,542,086	\$ 2,771,066	\$ 525,000	\$ 729,063	\$ 1,254,063	2.21
1996	8,235,233	5,290,340	2,944,893	560,000	696,008	1,256,008	2.34
1997	8,657,826	5,958,061	2,699,765	700,000	657,788	1,357,788	1.99
1998	8,835,057	5,688,787	3,146,270	745,000	613,813	1,358,813	2.32
1999	9,018,911	5,816,145	3,202,766	790,000	610,040	1,400,040	2.24
2000	10,311,370	6,538,517	3,772,853	845,000	513,969	1,358,969	2.73
2001	11,330,559	6,240,341	5,090,218	705,000	457,423	1,162,423	4.38
2002	13,412,729	6,969,192	6,443,537	750,000	415,638	1,165,638	5.53
2003	14,935,903	10,172,883	4,763,020	785,000	377,637	1,162,637	4.10
2004	15,546,223	10,194,711	5,351,512	6,800,000	485,435	7,285,435	0.73

Notes:

- (1) The total reduction in long term debt is \$8,055,000, of which \$7,560,000 represents defeasance of debt from bond refunding and \$495,000 represents reduction in bond principal.

Source: Sandy City Department of Finance

SANDY CITY
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

FISCAL YEAR	POPULATION (1)	PER CAPITA INCOME	# OF SQUARE MILES (1)	SUBDIVISION	
				LOTS APPROVED (1)	UNEMPLOYMENT RATE (3)
1995	90,520	N/A	21.9	362	2.5%
1996	95,509	N/A	21.9	221	2.5%
1997	96,678	N/A	22.6	238	2.4%
1998	99,761	N/A	22.7	210	3.1%
1999	100,822	N/A	22.8	207	2.6%
2000	102,033	N/A	22.8	281	2.1%
2001	88,419 (2)	N/A	22.8	195	2.4%
2002	89,745	N/A	22.8	174	4.3%
2003	93,500	N/A	22.8	185	4.5%
2004	92,685	N/A	22.8	278	3.3%

Notes:

(1) Source: Sandy City Community Development Department

(2) Source: U.S. Census

(3) Source: Utah Department of Employment Security

SANDY CITY
CONSTRUCTION AND PROPERTY VALUE (1)
LAST TEN FISCAL YEARS

FISCAL YEAR	COMMERCIAL CONSTRUCTION		RESIDENTIAL CONSTRUCTION		PROPERTY VALUE	
	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE	NON-RESIDENTIAL	RESIDENTIAL
1995	31	\$ 24,664,985	328	\$ 49,477,050	\$ 596,895,641	\$ 2,011,147,890
1996	39	40,990,801	316	42,828,770	715,248,480	3,441,885,050
1997	56	42,383,725	245	39,477,104	831,509,366	3,717,004,330
1998	62	126,652,157	279	72,265,056	979,312,004	4,163,433,680
1999	50	55,612,246	148	25,598,853	1,075,759,337	4,241,538,670
2000	41	65,762,470	151	29,142,513	1,140,722,766	4,400,759,350
2001	38	36,343,275	189	33,398,077	1,311,494,588	4,574,333,790
2002	33	34,767,969	156	30,029,877	1,479,002,806	4,682,251,800
2003	36	37,510,739	158	30,753,131	1,466,525,628	4,979,882,700
2004	32	16,397,224	169	33,375,634	1,518,200,744	5,116,979,910

Notes:

- (1) Bank deposit amounts are not shown on this schedule since Utah is a branch banking state, and deposit figures are currently available on a state wide basis only.

Sources: Building permits issued by the Sandy City Building and Safety Division.

Sandy City Department of Finance

SANDY CITY
MISCELLANEOUS STATISTICS
June 30, 2004

Date of Incorporation	1893
Form of Government	Council-Mayor
Area - Square Miles	22.8
Miles of Streets	301
Fire Protection:	
Number of Stations	5
Number of Firemen and Officers (excluding Volunteer Firemen)	74
Police Protection:	
Number of Stations	5
Number of Policemen and Officers	110
Municipal Water Department:	
Number of Consumers	28,444
Average Daily Consumption - Gallons	21,493,638
Miles of Water Mains	477
Recreation and Culture:	
Number of Parks (Including County Owned)	
Developed	31
Undeveloped	5
Number of Libraries (County Owned)	1
Employees:	758
Election Data:	
Registered Voters	51,261